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Laurence Anthony Maes

FIFTY YEARS IN THE DAIRY INDUSTRY

With an Introduction by
Robert D. Boynton, Ph.D.

Interviews Conducted by
Judith Dunning
in 2001

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Sketch of Larry Maes testifying at Sacramento hearing, 1980.

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Introduction--by Robert D. Boynton, Ph.D.

Larry Maes played a pivotal role in the development and maturation of the California dairy industry—and he did it his way. Larry never bottled any milk, produced a pound of cheese, or ran a dairy farm. His entire career was spent representing California's proprietary dairy product processors. A man of immense integrity and keen intellect, he earned the respect of his fellow dairy industry leaders—be they proprietary processors, dairy farmers, cooperative managers, or state regulatory personnel. When I learned that Larry was rated one of the top ten duplicate bridge players in California, I better understood the seemingly effortless way in which he analyzed complex situations and developed strategies to get to the outcome he believed right. But the fact that Larry had a thirty-eight-year career in the California dairy industry marked by success at every turn is due primarily, I believe, to his ability to forge coalitions of key decision-makers from within and outside the processor community. Larry did not form those coalitions with flash, dash, or bombast. He did it with quiet confidence, a clear plan of where he wanted to go, and an unwavering desire to make the dairy industry better with each step it took. His knowledge and fairness earned him universal respect and brought disparate views to the table with a willingness to listen.

Larry Maes began his work in the California dairy industry in the San Francisco Bay Area in 1948. He retired as the executive director of the Dairy Institute of California in late 1985. Even after his retirement from full-time work in the California dairy industry he continued to work part-time for more than ten years at the urging of several organizations, including Associated Independent Dairies of America, the California Creamery Operators' Association, and the Dairy Institute. I met Larry for the first time in about 1982 at a dairy industry meeting. A few years later, Larry suggested I consider coming to work at the Dairy Institute with the idea of replacing him on his planned retirement in 1985. I agreed, leaving my tenured faculty position at Cornell University to return to my roots in California (I was born on a dairy farm in Ferndale, California). I immediately embarked on a dizzying ride in Larry's advanced dairy economics classroom where every day was packed with lessons on milk pricing, pooling, the legislative process, dairy regulation, strategic thinking, and working with people with many different points of view. When Larry retired and I assumed his responsibilities, I honestly felt that I had graduated from the best and toughest university around.

During Larry's thirty-eight-year career in the California dairy industry, it grew in size and complexity. Here are a few bits of information about the California dairy industry to put in perspective the era over which Larry Maes presided as one of a dedicated handful of leaders who shaped this great industry. Keep in mind that Larry's accomplishments are even more impressive when it is recognized that often he alone represented proprietary processors in negotiations with many strong dairy farmer organizations and dairy farmer leaders.

	<u>1948</u>	<u>1985</u>
Annual milk production	5.8 billion lbs.	16.8
Number of cows	786,000	1,041,000
Number of dairy farms (≥ 1 cow)	45,071 (1950)	5,200
Milk/cow/year	7,360/lbs.	16,102
California's share of U.S. milk production	5%	12%
Number of milk bottling plants	693 (1950)	72
Average farm level milk price/cwt.	\$4.87	\$12.18

Beyond these simple statistics, Larry's career spanned several watershed events in the evolution of the California dairy industry—events over which he exerted tremendous influence. In 1969, the Gonsalves Milk Pooling Act ushered in market wide pooling and a complex quota system designed to equitably distribute higher Class 1 revenues. Larry presided over the end of regulated minimum wholesale and retail milk price regulation in California over the 1973-77 phase-out period. In 1962, Larry played a key role in the development of low fat milk standards in California that offered the state's consumers nutritious, tasty low fat milk. That standard of identity remains to this day unique among the standards for low fat milk in the rest of the U.S. and in 1996 Congress rendered it exempt from federal preemption.

It is a distinct pleasure to write this introduction to Larry's oral history of the California dairy industry. This low-key giant in the California dairy industry always treated his fellow leaders with respect even when they were on opposite sides of complex, significant issues; he was firm—even stubborn at times when it suited his objective—but always fair; he was a clear communicator orally and in writing, a master strategist, and above all a true friend of the California dairy industry who worked tirelessly for its advancement. I am proud to call him my colleague and my friend.

Robert D. Boynton, Ph.D
Sr. Vice President
Leprino Foods Company

February 2003
Denver, Colorado

INTERVIEW HISTORY—Larry Maes

Mr. Larry Maes, a retired trade association executive and dairy economist, is the second narrator for this oral history series focusing on California's dairy industry. The members of the California Dairy Museum and Educational Foundation advisory committee selected Mr. Maes in 2001. The purpose of this project is to tape record and transcribe oral histories of people whose work played a key role in California becoming the nation's leading dairy state.

Between September and November of 2001, I taped four two-hour sessions with Mr. Maes at his home in El Macero, east of Davis. His house is a sprawling 1970s California ranch in a development built around a golf course. After a tour of his home, stopping to see family photographs, we settled in around the bridge table in the front room to begin the taping. Mr. Maes, who earned the title of life master in bridge in 1953, explained that today he plays more golf than bridge. Our sessions were uninterrupted except for the buzzing of industrial lawn mowers on the golf course.

The focus of the first interview was family history, childhood, and education. I follow this chronology with most of my interviews because it gives the interviewer and future readers an opportunity to learn more about a person's background. I've found that most people enjoy this initial session in which they have a chance to reflect on their younger days. However, it was different for Mr. Maes. He seemed uncomfortable that I wanted to ask him about his childhood. After my first few questions, I set aside my papers and listened. His mother had died in childbirth and at age four months he was placed with a couple, Mabel and Henry Maes. He was given their family name but was never adopted. As he explained, the system was informal during the 1920s.

In a dry, matter-of-fact manner, Mr. Maes told me of a childhood spent relocating through the western states with Mabel Maes and a succession of four husbands. Mabel and Larry crisscrossed California before settling for a few years on a remote ranch in Arizona with Luther Swann, a cowboy and Mabel's new

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BIOGRAPHICAL INFORMATION

(Please write clearly. Use black ink.)

Your full name Laurence Anthony Maes

Date of birth Oct. 21, 1920 Birthplace Long Beach, Ca.

Father's full name Henry Joseph Maes

Occupation Butcher Birthplace Lawrence, Mass.

Mother's full name Mabel Ellen Harns

Occupation Housewife Birthplace Los Angeles, Ca.

Your spouse/ Avis Earle Saucier

Occupation Housewife Birthplace Sumner, Miss.

Your children Patricia Jean, July, Constance Marie,

Bruce Raymond

Where did you grow up? Manhattan Beach, Bakersfield, St. George Utah,

Bartow, Kingman, Ariz.
Present community El Macero, Ca.

Education Merced County Union High School; Bakersfield

Junior College; B.A. in Berkeley; M.B.A. U.C. Berkeley

Occupation(s) Enlisted Man + Officer US Army Quartermaster Corps

Executive Director, Dairy Institute of California

Areas of expertise Dairy industry economist; trade association

executive

Other interests or activities Life Master, American Contract Bridge

League; golf; community activities

Organizations in which you are active _____

SIGNATURE Laurence A. Maes

DATE: Apr 27, 2002

INTERVIEW WITH LAURENCE ANTHONY MAES

I CHILDHOOD BACKGROUND IN THE WEST, 1920-1939

[Interview 1: September 25, 2001] ##¹

Recollection of the Maes Family

Dunning: Good morning, Mr. Maes. I'm going to start off by asking you your full name.

Maes: Laurence Anthony Maes.

Dunning: And you go by Larry.

Maes: I've gone by Larry for about fifty years.

Dunning: That's a long time. What year were you born?

Maes: I was born in 1920, October 21st.

¹## This symbol indicates that a tape or tape segment has begun or ended. A guide to the tapes follows the transcript.

Dunning: And where were you born?

Maes: In Long Beach, California.

Dunning: Where were your parents born?

Maes: I don't know. My mother died at childbirth. I have their names on my birth certificate, and I think they were from Canada, but I don't know. My father's name was Long; my mother's name was Jeanine Vieux. That's about all I know about them.

Dunning: Were you adopted at birth?

Maes: I was born in October, October 21st, 1920, and I was adopted I think January 6th, 1921, adopted into the Maes family, Henry Maes, my foster father. My foster mother was Mabel.

Dunning: And did they legally adopt you?

Maes: I don't think there was ever any legal adoption. Things were pretty informal.

Dunning: Oh, okay. At that time, things were really different.

Maes: I didn't know I was adopted until I was fifteen years old, so I was really part of the Maes family, and still am.

Dunning: Yes. Did you have siblings?

Maes: No.

Dunning: You were the only child.

Maes: I was.

Dunning: When you were fifteen, did your parents tell you the circumstances, how they happened to adopt you?

Maes: No, they didn't. My grandfather, Grandfather Maes, who lived in Bakersfield most of his life, learned that I was in high school there in Bakersfield--we'll come to that later--and one of my teachers knew Grandpa Maes, and he told him about Laurence Maes and wondered if he knew who I was, and Grandpa said yes. That teacher arranged a meeting between us, and that's when Grandpa Maes told me that I was adopted. That's all I knew about it.

Dunning: Do you remember your reaction when you found out?

Maes: I was surprised, but I didn't react very strongly. And then later, in order to apply for OCS [officer candidate school], I think that was the reason I searched out the birth certificates. I had an aunt who gave an affidavit, describing what she knew about it. That sort of filled it in.

Dunning: An aunt on the Maes side?

Maes: Yes. Meanwhile, I totally lost touch with--in fact, I didn't see my father, Henry Maes, after I was about nine years old.

Dunning: Oh, okay.

Maes: And my foster mother, Mabel, raised me until I was about fifteen. From then on, I was on my own, but I stayed in touch with the Maes family.

Dunning: I'd be quite interested in what happened when you were fifteen. I'm going to ask you a little bit about the Maes family. You mentioned that you were the only child.

Maes: Only child of Henry, yes.

Dunning: Yes.

Maes: There are a lot of other Maeses.

Moving in California, Nevada, and Arizona

Dunning: Do you remember much about your foster mother, Mabel?

Maes: Oh, yes, I remember her very, very well.

Dunning: How would you describe her?

Maes: [sighs]

Dunning: Because she really knew you from the time you were an infant.

Maes: It's hard to describe Mabel. She had four husbands that I know of, but she obviously cared for me, and if we go back through the early days, I became her full-time--well, let me start over. I lived with her and Henry until I was about four years old, and then they divorced, and Henry took custody, and he sent me up to Bakersfield to live with his parents, Grandma and Grandpa Maes. They were Henry and Clement. They were both born in France. Grandma Maes didn't speak much English.

Dunning: Did you learn French?

Maes: I understood it very well and learned a little bit, and forgot it all right away. I started grammar school there in Bakersfield and went through the third grade at William Penn Elementary School. Then for some reason, Henry had me come to his residence, which was in Manhattan Beach. He was a butcher. He had a butcher shop, and he had a lodging area behind the butcher shop, down by the main pier in Manhattan Beach, about a half block from the ocean.

So I lived with him for a few months, and then when school started, he boarded me with some people that he knew. I lived with those people and went to fourth grade in Manhattan Beach, and when I finished the fourth grade, Mabel decided to take me. They arranged for Mabel to take me. She had moved to Arizona--Arizona and Nevada.

Dunning: Arizona and Nevada?

Maes: The border of the two states. She was living on a ranch in Nevada about thirty miles north of the Colorado River. She had married a man named Luther Swaner, a cowboy. He had a ranch up in the Arizona mountains, near Mount Dillenbaugh. Mabel taught me in the fifth grade.

Dunning: Oh, so you were home schooled in the fifth grade?

Maes: Home schooled, fifth grade. The nearest town with schools was St. George, Utah, so I went to the sixth grade in St. George. Then they sold both ranches and moved to Palm Springs. Those two years that I spent in Arizona in my memory it seemed like five or--it seemed like a long time. We did a lot of things. I rode horses, I helped herd cattle, they moved back and forth between the mountain ranch and the desert ranch.

I have a memory--the desert ranch in Nevada, called Pawcoon Springs, had seven lakes or reservoirs. Water came up from artesian wells, and I remember sheep herders used to bring thousands of sheep in there for water. I have many memories of what went on there.

Anyway, they started a riding stable in Palm Springs. This was--I'm now about eleven years old, so about 1930, '31, right in the middle of the Depression.

Dunning: The stable.

Maes: Right. There was a falling out between my stepfather and his partner. Then we really started moving around. We went up to the desert, out of Cima, California, which is near Baker, California. That's really country that doesn't have many people in it. He worked for a short time for Rex Bell, who was

the husband of the movie star, Clara Bow. They had a ranch in that general area.

Frequent School Transfers

Maes: In Palm Springs I had finished the seventh grade and skipped a half year and finished the end of eighth grade when we moved, and for some reason they moved me from Cima-- Mabel and I went to Los Angeles. She lived with an uncle there for a short time, then she boarded me with a cousin in Huntington Park, and I went to junior high school in Huntington Park, but was still attached to Mabel.

Dunning: How was it for you, moving around so much? Did it seem normal? It seems like you were moving your whole life.

Maes: I didn't have any control over it. I loved school. Sometimes if we moved and school was still in session someplace, I'd go sit in a classroom that allowed visitors. I don't know what Mabel was doing while I was in Huntington Park. Anyway, I went to Edison Junior High School there. Then the 1933 earthquake occurred and really devastated that area.

Dunning: Do you have recollections of that?

Maes: Oh, vivid, vivid.

Dunning: Any that you care to talk about?

Maes: Brick chimneys crumbling, bricks falling off in the street. Looking into a drugstore, just liquid a foot high. People stayed up all night the first night, expecting more earthquakes, and there were tremors all night. I don't remember if the junior high school was so damaged that we couldn't continue, but I don't think so. I think we kept going to school. It was severe.

Dunning: Was it the biggest earthquake you'd been in?

Maes: Yes.

Dunning: We've all had a few since, but--

Maes: All Californians have. Yes, that was the biggest.

Then we went from Huntington Park to the Barstow area. We lived near Hinkley, which became well known in the Erin Brockovich movie. We lived on a ranch there which had grown alfalfa and was pasture land, but my stepfather, Luther, was working in an area about twenty-five miles north of Barstow. One of my vivid recollections there was in August we herded cattle from the ranch out of Barstow down to

Hinkley, through the sand dunes. It was extremely hot. I remember very well.

Then from Hinkley my stepfather moved--let's see, I've been to Huntington Park. Then he moved to Huntington Beach. My stepfather and Mabel. They were still together. At Huntington Beach, he was tending cattle that were being fed sugar beets. There were sugar beet fields at Huntington Beach.

Dunning: Oh, boy.

Maes: So I started high school. Let's see, I got ahead of myself. I went to high school in Barstow a year. I was a good student. I was a member of CSF, and I was elected president of my sophomore class, but we moved--that's when I went--

Dunning: CSF--was that--

Maes: California Scholarship Federation.

Dunning: Well, you must have been smart to be able to go in and out of all these schools and adjust.

Maes: Yes. I liked school a lot. Adjustment was no big problem.

High School in Bakersfield, California

Dunning: Did it get so you were expecting to be pulled out of school, or did you just go in and hope for the best?

Maes: I just went where they went. I started school at Huntington Beach but was there in high school only maybe a couple of weeks, and they moved to Kingman, Arizona, and so I spent my sophomore year in Kingman. Mabel and I lived in an apartment in Kingman. Mabel, incidentally, was a nurse. She worked part time. And after my sophomore year, we moved to Bakersfield. Actually, my stepfather, Luther, worked on a cattle ranch about twenty miles north of Bakersfield that summer. I worked with him.

That fall, I started my junior year at Bakersfield High School. We lived in Oildale. Took the bus to school every day. I went out for basketball. I was very small. I was young. Because of skipping grades, I was fourteen when I started my junior year.

Dunning: Oh, boy, that is young. That's when a lot of children start their ninth grade.

Residence in the Boys' Dorm

Maes: I was sixteen when I graduated. I loved basketball. I was so small, I didn't make the team. I kind of made the squad, but I never became a player.

Mabel and Luther had split up at some point in here, and Mabel put me in the boys' dorm at Bakersfield High.

Dunning: Oh, there was such a thing?

Maes: Yes. So I lived in the boys' dorm for the next three years. But Mabel stopped supporting me about the time I graduated from high school. She was living up in the same area where they had had the cattle when we moved to Bakersfield. I can't quite remember at what point I was totally on my own, but it was about the time I graduated, I think.

Dunning: And you were sixteen.

Maes: Sixteen. So I stayed in the dorm. I worked weekends-- Saturday I worked in a Safeway store, in the butcher shop and then the vegetable department, and I worked in NYA, National Youth Administration. It was part of the Roosevelt New Deal. I had enough employment there and with my weekend work to support myself while I went to junior

college. Then I had various other jobs during that period. By this time, I was almost out of touch with Mabel. I still liked school and did well in high school.

Dunning: Was your sense of family very different--you've raised children yourself.

Maes: Yes.

Dunning: How do they react when you tell them that you were on your own from the time you were sixteen and all those moves?

Maes: I'm not sure they react at all.

Dunning: Was it unusual right during the Depression era for young men of sixteen to be on their own?

Maes: Somewhat.

Dunning: It's such a different world.

Maes: Somewhat. Most of the kids in the dorms had homes. The dorm was primarily to accommodate students who lived some distance from Bakersfield. The high school district included Mojave in the desert, and there were kids from up in that area--Tehachapi and Mojave--Tehachapi was too small to have a high school. And then kids from McFarland and

Shasta came in. Most of the boys went home on weekends. The school bus brought them in on Monday morning and home on Friday afternoon.

Meanwhile, the Oklahoma migration into Bakersfield began, into Hoover City, as it was called. And there were a lot--more and more youngsters, I think, on the loose. There was absolutely no employment. You couldn't get a job. Nothing you could do. But I managed. I remember digging cesspools and working at the grocery store, and then in the summertime I was able to stay in the dorm. There was no fee for staying in the dorm in the summer, and I sort of scrounged and got by.

Finally, in junior college, my second year in junior college I took a full-time job parking cars in a garage near a hotel, and my grades suffered. I paid for it later because, jumping way ahead to when I graduated from Cal, they told me I was Phi Beta Kappa. I was pleased with that. Then they called me back and said, "Well, look, we looked into your junior college grades, and we're sorry--"

Dunning: [whispers] Oh, God.

Maes: So. So anyway, that's a fast rundown.

Developing Independence and a Work Ethic

Dunning: I'll go back a little bit.

Maes: We need to go back to some of this, right?

Dunning: I will. It seems like the primary caregiver were Mabel and Luther.

Maes: Yes.

Dunning: It seemed like you had kind of a rough time, but sometimes it was beautiful in Arizona, and you learned a lot about ranching, and you were outdoors a lot. Reflecting now, do you think that there were things that you learned from your childhood with Mabel?

Maes: I certainly learned to work, and I learned to be independent. As I mentioned, when I was ten, eleven years old, I was working on the ranch. I wasn't a full-time hand, but I was able to help a lot. For example, every morning up on the Arizona ranch, it was my job to go out and wrangle the horses. The ranch was a homestead, a full section of land, one mile in each side. And so I'd have to go out and find the horses, entice one with a feed bag to let me put a halter on it,

and I'd ride it bareback and herd the other horses in. That was a daily morning routine.

Dunning: That's when you were about eleven?

Maes: Ten, eleven years old, right. I never was very good at chopping wood. I was too small. But I would carry the wood. Things were very primitive in Arizona. We had no plumbing, no water.

Dunning: So you had an outhouse?

Maes: Outhouse. For water, we would go down--we'd jump in the wagon, put some barrels on it, and go to a reservoir about a half mile away, a reservoir that was used by the cattle for drinking. My recollection of the color of the water was tan, deep tan. Then we'd bring the water back and put it in cisterns, and then when it rained in the summer, we'd get a lot of water off the roof. That would flow to the cisterns. It was very primitive. No fresh food, of course. Beans and meat were the primary diet. And potatoes. And my stepfather Luther farmed up there. He raised corn and potatoes, and we had pigs and cows we butchered every so often.

Dunning: Did you learn how to butcher as well?

Maes: I had a real ranch experience. It seemed kind of romantic in retrospect, but it didn't seem so at the time. And our transportation was horse and wagon. Later they bought a car. I recall once we were going from the Arizona ranch to St. George, which is about eighty miles. There was a terrible storm, and the car broke down. We were without food for about three days. I don't recall how we finally got to civilization.

Dunning: You were stuck in the car.

Maes: We left the car. Went to an abandoned cabin. I think we found a can, a syrup can with some syrup left at the bottom. I remember eating that. But we were hungry.

[tape interruption] [noise from lawn mowers in background.]

Maes: On the ranch, I broke my leg once. I was getting on a horse, and the horse bucked and broke my leg. A friend or neighbor took me in to St. George. I think I had a cast.

Incidentally, the Arizona ranch and the Nevada ranch were very isolated. Our nearest neighbors were about three miles, and the nearest neighbors with children were about eight miles.

Dunning: That's a long way.

Maes: Occasionally I would ride over to where the children lived and play with them. If I recall, there were two girls, but I'm not sure.

Dunning: So you must have had a very different perception of friendship than your children growing up, who probably had children in the neighborhood all the time.

Maes: Right.

Dunning: Did you have best friends or good friends as a child?

Maes: Not till I got into high school.

Then I had another accident. When I was going to school in St. George, I got run over by a car and fractured my skull and broke a collarbone. That was serious.

Dunning: That's very serious.

Maes: But I survived.

Dunning: You were with Mabel and Luther at the time?

Maes: Well, they were on the ranch. Somehow they got word out to them, and they came in. St. George is a Mormon town, very much a Mormon town. There's a Mormon temple there. I

remember our doctor, Dr. Weston. Had three wives. He was married to his head nurse, and he had two homes across the street from the hospital, with a wife in each. What a busy man.

Dunning: His whole life right on one block.

Maes: Right.

Dunning: Were you raised in a particular religion?

Maes: Catholic. My grandparents had me baptized in Bakersfield when I was living with them.

Dunning: The Maes grandparents.

Maes: Right. Mabel was a Christian Scientist, as I recall. I didn't go to church until--I'm trying to remember. We're getting into later years. I was confirmed and married in a Catholic church. I don't think I went to church very much in between.

Influx of Oklahoma Migrants into Bakersfield

Dunning: I had a number of questions about childhood. You had an unusual childhood.

Maes: Yes.

Dunning: Perhaps not for that era, but--

Maes: It was different.

Dunning: There wasn't the nuclear family and the one house. You could probably spend several hours talking about all your different places that you lived.

Maes: Yes. Well, the Depression dominated that period, of course.

Dunning: You mentioned that when you were in high school in Bakersfield, that's when a lot of the migrants from Oklahoma were coming.

Maes: Yes.

Dunning: Did you feel any identity with them?

Maes: Yes. In the summertime, we'd go out to DiGiorgio Ranch, near Arvin, hoping to get a job picking grapes. There would be hundreds of people standing in line: many adults, a few young people, and most of them would be turned away, and they had no place to go, no place to work. The area where they lived, where they settled, the so-called Hoover City, was across from the fairgrounds in Bakersfield. It was sad to see these people, simply trying to survive. And that's why young people couldn't get work. The adults couldn't get work, either.

Dunning: I did a project in Richmond, and I had a number of African-American people talk to me about how they lived out in the Valley, and they could really identify with the discrimination against the people who were called Okies coming in, and they were treated poorly--

Maes: They were.

Dunning: --in the classroom because they didn't have shoes or good clothes.

Maes: I didn't see that so much. Of course, the main impact of that movement, I think, came after I was out of high school, when I was in junior college, so I didn't have that much personal contact. But it was a very difficult time. Yes, the Okies were sort of looked down upon or discriminated against, I think.

They talked with a drawl, they had ragged clothes, they were poor people.

Dunning: Right. Trying to survive.

Maes: Yes. Of course, I was more like them than like some of the other kids. I didn't suffer. I had good years there in Bakersfield.

Description of Self as a Child and Teenager

Dunning: How would you describe yourself as a child? What was your personality like?

Maes: Well, I was very quiet, and through no choice of my own, I was sort of a loner. Loved to read. Read a lot.

Dunning: Where would you get the books? Did Mabel read?

Maes: Mabel had books. There was a set of books, the World Book perhaps.

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Maes: One of the things I began to learn on the ranch was to play games, card games especially. And checkers. I was a good checkers player. I could beat all the adults at checkers.

Dunning: Any favorite card games?

Maes: In those days we played a game called pitch, and another game called solo. I played, and Mabel and Luther played, and when we had visitors we usually played cards. So I learned to like to play cards, and that showed up later in my life.

Dunning: That's one of the things I heard from John [Kaczor] yesterday. He said you were a bridge master.

Maes: Life master.

Dunning: Life master at bridge. Do you think your times in your childhood spent on the ranches--did that impact your choice of career?

Maes: No, I don't think so.

Dunning: You had some background.

Maes: Really no--it certainly doesn't connect me with the dairy industry in any way. I think I learned to be self-sufficient and independent, obviously. And after all I was on my own at age sixteen, you did what you had to do in those days.

Dunning: Did you have any mentors at that age?

Maes: No.

Dunning: Or families that you could spend some time with in Bakersfield?

Maes: I should change that. In Bakersfield there were two families, the Russell family in Oildale, who were originally from Arkansas and for some reason took me in part time. I don't remember why, except it was fairly common to--

Dunning: You probably worked a little bit for your room and board?

Maes: Then during my senior year, I lived with the family of a man who had been a butcher at Safeway. I worked for him. They had two little girls, and they invited me to live with them, and I would baby-sit the girls when they were away.

And then in high school I got close to a boy named Bob Zuercher. Bob's family were dairy people. Had a ranch and a dairy farm outside of Bakersfield. Mrs. Zuercher treated me

as family. They were very good to me. It was a big family. There were five brothers and a sister--five brothers and a sister. I would spend the night with Bob every so often. I remained very close to him, as a matter of fact, until he died about three years ago.

The Zuercher family was very good to me, and I have just fond memories of them. They were Swiss-German.

Bob's dad made wine which Bob would swipe every so often. During my high school days, we were a little bit wild. We learned to drink--

Dunning: The boys in the dorm.

Maes: Well, more my friends: Bob Zuercher and Army Russel. There was a group, mostly athletes, basketball players. I suppose they were fairly typical teenage boys. I wouldn't want to tell you everything that--

Dunning: No, that's okay.

Maes: I never told anybody!

Dunning: Well, you certainly have had a lot of rich experiences.

One of the things I ask people is, looking back on your childhood, are there things that you learned that you still value today? You mentioned you learned hard work and independence. Because you really had a different sort of a childhood.

Maes: It was probably different.

II MILITARY SERVICE, 1939-1945

Enlisting in the Army

Dunning: When you were in school, did you ever imagine what your occupation would be? Did you have dreams of what your life would be like?

Maes: I think I wanted to be a lawyer at some stage, probably about the time I was in my early years of high school. I felt law would be a great career--in pursuit of that, I hoped to go to Cal right out of junior college, and there was no way. There were no aid programs in those days, believe me. A lot of people wanted to go to Cal that couldn't afford it. That finally led to my joining the army.

Dunning: So you joined the army after junior college?

Maes: Yes. I joined right after.

Dunning: In about what year was that?

Maes: I joined the army in July, 1939.

Dunning: Just when the action was starting.

Maes: The draft had started. There was a lot going on in Europe. We youngsters expected to go to war. We kind of knew it, although we didn't join the army for patriotic reasons. We joined the army because we were hungry.

Dunning: Was that much of a transition for you, to join the army?

Maes: Oh, yeah.

Dunning: Can you talk about that?

Maes: Yes. At the time I joined, I was living in Oildale with a fellow named Gaspard Freels. Gaspard had big ears, so he was always known as Bat Ears. His mother, a very nice lady, had taken me in temporarily. I don't quite know why. Freels and I were not really close friends, but I was living with him temporarily. He couldn't find a job, and I couldn't find a job, and we began to talk about it and decided we'd join the army. So we did.

We enlisted at Bakersfield, and they put us on a bus and took us down to San Pedro, California, to a staging center. I recall the first dinner in the army--they brought out a big bowl of soup, and we thought it was dinner. It was good soup. Bat Ears and I filled up on soup, and they took the soup away and brought the real dinner. Meat, potatoes, vegetables. We did our best. We kept eating.

In San Pablo, we took our physical. I had very flat feet, but they waived that immediately. I had the flattest feet in the army. We had options as to where to go overseas: either Panama or Hawaii, and we opted for Hawaii, so they sent us up to Fort McDowell, which is on Angel Island. The World Fair was going on there on Treasure Island. We got over there once or twice.

Schofield Barracks, Oahu

Dunning: So was that where you were based initially? The training?

Maes: Waiting to go overseas. It really was just a staging area. Because I had two years of college, I was immediately assigned to clerical work, but I, unfortunately, still had to do KP. But other than that, I was kind of an assistant company

clerk. Then after about six weeks, they loaded us onto a transport, and that was really a miserable trip: seven days down in the hold.

Dunning: And that was en route to Hawaii?

Maes: En route to Hawaii. So this was in 1939. Then I was assigned to the Quartermaster Corps at Schofield Barracks, on Oahu, about twenty miles north of Pearl Harbor. Again quartermaster because of my education.

I liked the army. Did very well with it. Did basic training; then I was given a clerical job in a warehouse, checking in supplies. I did that job for about a year. I think was I a corporal by then.

Then I was given kind of an unusual job. My job was to check in officers to their quarters when they moved to Schofield Barracks. I would have an inventory of the furnishings, and they would have to check them and sign for them. So I got to see a lot of officers. I did that for about a year.

Meanwhile, in the fall of 1941, I wanted to go into the air force and learn to be a pilot. I didn't get very far with that, but my commanding officer suggested that I apply for OCS, officer candidate school, quartermaster OCS, and I did, and I was

accepted. I was accepted for class number three, which started in January, 1942. But, of course, in December, 1941, Pearl Harbor occurred.

I have vivid memories of Pearl Harbor. We really couldn't see the harbor from Schofield Barracks, but we were adjacent to Wheeler Field, which was an air force base. The Japanese, aside from attacking Pearl Harbor, attacked the air bases on Oahu. On Wheeler Field, the planes were all lined up on a tarmac, so they went right down the line and took them out. Then when they got through with that, they'd fly over Schofield, and they flew over our barracks, shooting. That's when we began to realize that this was not just a maneuver. I recall plaster falling down.

They issued us rifles, and some of us--not me, but some of the fellows took shots at the planes. They were so close, you could see these Japanese pilots with their goggles. They were in open cockpits. We spent all that first night after Pearl Harbor patrolling. I don't know what we were patrolling for. I think we expected a landing. The military really thought the Japanese would follow up and land on Oahu. I think the army was somewhat prepared, but not totally. There had been a big buildup.

After things settled down, I was given a strange job. The military was worried about losing their gasoline supplies, so

there was some caves located in a ravine on Schofield Barracks, and it was decided to move gasoline from the big storage tanks into five-gallon cans and store them in these caves. I was given a crew of about forty Filipino field workers, sugar workers, and they would fill the cans and we'd move them to the caves. Filipino sugar workers didn't like this work at all. None of them spoke English. They had a couple of foremen who did.

Then in early January I shipped out for OCS. We were the first ship out of Pearl Harbor, first transport. There were no more than thirty servicemen on the transport, plus a crew. I remember we stood guard every night. We were worried about submarines. We zigzagged all the way, except the rudder broke on our ship, and we had to go straight. We were much more worried than we should have been, I think.

So then I went by train to Camp Lee, Virginia.

Dunning: You certainly had a lot of travels for a young person.

Maes: Oh, yes. That was kind of normal in those days, I think.

I got to Camp Lee in January. Boy, was it cold, after three years in Hawaii.

Backing up to Hawaii for a minute, we really had good times over there, on weekends. We worked only four and a half days a week. On Wednesday afternoon and weekends we could go to the beach a lot.

Dunning: You were in your early twenties at that time?

Maes: I was in my late teens.

Dunning: Late teens?

Maes: I was twenty-one just before Pearl Harbor. Twenty-one in October; Pearl Harbor was December seventh.

Dunning: Did the army seem like kind of a family to you?

Maes: In a way, yes. I liked the army. Felt secure.

Dunning: You had a structure probably that was the most you had in your whole life.

Maes: Three meals every day.

Dunning: Three meals every day, and you already knew how to work hard.

Maes: Yes. I was fairly athletic, so I liked drilling. I didn't mind hiking. The army was a good haven for me.

Incidentally, back in Bakersfield, I made sort of casual efforts to get into West Point. I found that a kid without family and no connections didn't get anyplace.

Dunning: Right. I think especially then. I think to an extent now you need connections.

Maes: Plus West Point was a good haven for lots of kids. So anyway, as I said, Oahu was very pleasant. Because of my two years in college, I was part of a group that formed a so-called University Club of enlisted men who would meet periodically. One of the members of that group was a fellow named--his last name is--I think it's James Jones, the fellow who wrote *From Here to Eternity*.

Dunning: Did you ever keep up with any of those guys?

Maes: No. In fact, most of them went on--many of them were killed in the Pacific, most of them. I don't know what happened to the quartermaster group after I went to OCS. I never heard from any of them.

Officer Candidates School

Dunning: How was OCS for you?

Maes: Oh, I liked that. I worked hard. That was hard work.

Dunning: What was your job then?

Maes: Well, I was just a cadet, as a trainee. It was cold. We got to Virginia--as I started to say, it was icy cold. Frost on the ground, and a little bit of snow. One of my early jobs was policing the grounds, picking up cigarette butts. But OCS was great. It was hard work. We studied a lot, we drilled a lot, we took long hikes, and there was a little social life. A friend and I went into Williamsburg. Very picturesque. Camp Lee was at Petersburg, Virginia. People around Petersburg were very friendly to the servicemen. We spent some time in Richmond, and I did make long-term friends there.

In fact, one of my friends, Jim Rothfuss, was from Toledo. He invited me up to his home on a farm near Toledo. I met his wife-to-be, and her friend that I dated. So it wasn't all hard work.

I don't know how we got the time to do this--it might have been a short interim after I finished OCS, before I went to my

first assignment--anyway, Jim and I went up to Detroit one evening and did the town. Jim Rothfuss is still alive. We went to see them about two years ago in Florida.

Dunning: That's a long-time friendship.

Maes: A long-time friendship, yes. His health is failing, but he's still going. His wife is fine.

Dunning: And what was your first assignment?

Maes: Out of OCS?

Dunning: Out of OCS.

Maes: We went to Fort Jackson, South Carolina, which is about fifteen miles east of Columbia, South Carolina. Big base. We were assigned to the--I think I might have written this down [searches through notes]--77th Infantry Division. We were what was called a cadre. We were developing the quartermaster section for a new infantry division, the 99th Division. I was at Fort Jackson about--no more than two months; then went to Camp Van Dorn, Mississippi, which is out of Centreville, Mississippi, not a very large town. Centreville and Van Dorn are about forty miles east of Natchez, fifty miles north of Baton Rouge.

There, the 99th Division was activated and formed. We worked hard. After we sort of got settled in, I was made a truck platoon leader and promoted to first lieutenant. Then after about a year, I was transferred into--I guess less than a year. Time moved very fast in those days. I became the quartermaster supply officer for the division and was promoted to captain.

Meeting Avis Earle in Mississippi, 1942

Maes: My toughest army experience was going on Louisiana maneuvers. Some time in there, Avis and I got married. That's another story.

Dunning: So you met Avis young.

Maes: Yes. I met her in Natchez. I met her Christmas 1942.

Dunning: Now, Avis is A-v-i-s?

Maes: Avis, Avis Earle, a true Mississippi girl. You would not know it when you meet her.

Dunning: How did you meet Avis?

Maes: I was Christmas shopping at the department store in Natchez. It's a very well-known area. It's known for its antebellum homes and played a significant role in the Civil War.

Avis was in high school. She was a senior in high school. She was seventeen, and she was wrapping packages as a part-time job at the department store, and I was buying gifts for--I don't remember for whom, except among them were Jim Rothfuss's sister and mother because they had been so good to me up in Toledo. So Avis was impressed by my shopping, I think. I don't remember whether I waited till she got off work, and we talked. We might have.

It turned out that one of the first lieutenants in my quartermaster company was renting a house next door to Avis, and so through that contact, I went back and visited with Avis. She says my first visit was in February, but we dated pretty steadily then for about a month; then we got married in April.

Dunning: Oh, boy! So she was seventeen. And you were twenty--

Maes: I was twenty-two by then. And as I said, she was still in high school.

Can I take a quick break?

Dunning: Absolutely.

Marriage and Children

Dunning: Avis was still in high school when you married. Did you have the support from her parents?

Maes: Yes.

Dunning: Their approval, I should say.

Maes: She had sort of an unsettled family situation. Her stepfather was a dentist there in Natchez, and her mother was working at a drugstore, pharmacy. The stepfather was an alcoholic, a severe, bad alcoholic, and so she had a very unsettled life. There was a full-time maid living with her, so that helped.

Things moved so fast, obviously. She had been going with another fellow who was serious about her, too, but I won that competition, so we were married in April. We met in December. We dated in February and March, and got married in April. Big wedding.

Dunning: Really!

Maes: Big Catholic cathedral in Natchez. All my military friends were there, including all the enlisted men in the truck platoons. They gave us nice gifts. A big reception afterwards. The reception was for officers and friends only. We got out of there in about an hour. Somebody took us to Jackson, Mississippi, and the next day we took the train to New Orleans. Spent our honeymoon there. So that was a fast courtship.

Dunning: It certainly was.

Maes: They all said it wouldn't last, but we're in our fifty-eighth year.

Dunning: That's about as good as it gets.

Maes: Probably going to last.

Dunning: I should think so! When Avis married you, do you think she was ready for the moves?

Maes: Oh, I think so. She had wanted to be a nurse, but she was ready to get married. We had our first child in March 1944, our daughter Pat, who amazingly now is fifty-seven years old. Our next child came after, after I got back from overseas. When we got married, I was still at Camp Van Dorn. We lived in Natchez, in an apartment there for a couple of months. I

was able to spend most weekends in Natchez. Then I went on Louisiana maneuvers, and she stayed home with her mother and stepfather.

Then we were reassigned to Camp Maxey, Texas, and Avis and I moved over to Hugo, Oklahoma. In January 1944, Avis moved back to her parents' home in Natchez, and Pat was born in March.

Dunning: This is the second child or the first?

Maes: First.

Dunning: First child, Pat.

Maes: Pat. And so she had Pat in March 1944.

We had a lot of good friends. The officers and their wives socialized a lot. Got along very well with each other. We've pretty much lost touch with that group. The last person we were in touch with lived in Connecticut, and he unfortunately died in a home fire about a year ago. We're still in touch with his wife.

From Camp Maxey, which is between Hugo, Oklahoma, and Paris, Texas, up in the north part of Texas, I was reassigned to 10th Army Headquarters and sent to San

Antonio, Texas. We took Pat along with us, of course, and we lived in a motel for a few days; then we rented a house with two other couples, each of whom had babies. San Antonio was great. Nice city. We were at Fort Sam Houston, which is a beautiful old army post.

Shipping Out to Okinawa, 1945

Maes: In September we shipped out for Okinawa. The 10th Army's sole function was the Okinawa invasion. That's what we were planning at Fort Sam Houston. I took the train to Seattle.

Oh, before that, I took Avis out to Bakersfield. Her home life in Natchez was totally unsettled, and her mother came out with her.

Dunning: Oh, really? So her mother relocated at that time?

Maes: Right.

Maes: We got a little apartment in Bakersfield. Tiny little place. Pat, Avis, and her mother. I went back to Fort Sam Houston; then we shipped out for the first stage of Okinawa. We went

through Seattle, and then we went to Hawaii. So now I'm living in officers' quarters back at Schofield Barracks.

Dunning: A lot had happened in the interim.

Maes: Yes. Now I'm a captain. I made captain while Avis was home having the baby, so I had Pat and got promoted at the same time. We stayed in Schofield Barracks in the planning stage for about six months.

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Maes: The Okinawa invasion was on April 1st, 1945, but the support troops, like quartermaster, came in about two weeks after the invasion, about mid-April. It was pretty wild. There was lots of combat, lots of kamikaze planes attacking the harbor. We were located--our quartermaster section was located near a Marine air base, just adjacent to it, so we saw a lot of airplanes, heard a lot of anti-aircraft fire. You got to see war at its very worst. It was a bad, unpleasant thing.

The city of Naha, the main city of Okinawa, had been a city of several hundred thousand. It was absolutely flattened. There was no building erect. People that had stayed in the city were living in caves dug straight down. Gradually they were moved out of there into civilian camps. Really a devastating scene.

Of course, the battle was going on meanwhile. Our general, Gen. Simón Bolivar Buckner, was killed. My duties were fairly routine. I was an island salvage officer and the island laundry officer, where we used native Okinawans in the laundry, and the salvage job was not pleasant because what we were receiving as salvage were the leftover clothing and equipment from the wounded or dead American soldiers. Some of it was recycled. Most of it just got to be a bigger and bigger dump.

Anyway, the Okinawa battle ended in July or August when the last opposition was removed. Meanwhile, V-E Day had come, so we knew that the end was approaching anyway, although at that time we were still planning to invade Japan. Then the atom bomb was dropped, Japan surrendered, and they began to send us home.

I was one of the early ones because of my long service. I had been in now for over six years. One of my vivid memories and last memory of Okinawa was they took us down to the staging area to go home. There were big tents, and a typhoon came up, and the tents blew away. The wind was so severe that lumber was flying through the air. There were some Quonset huts nearby, and we crawled on our hands and knees up to the Quonset huts to spend the night. A really remarkable weather experience.

Anyway, we boarded the ship, came back to San Francisco and went to March Field, where I was separated. By now I was a major. They gave you end-of-the-war battlefield promotions. It didn't have much meaning.

III RETURN TO THE STATES AND CIVILIAN LIFE

Dunning: You knew you were going to be leaving the service, though?

Maes: Yes. By that time I knew. If you stayed in, you had to go back to being to your highest enlisted rank, and I had Avis and Pat and a strong desire to go to college.

I should mention my card playing had developed somewhat. I played poker quite a bit in the army. I was a good poker player. That helped us get started when I got back.

Dunning: Oh, you earned some money that way?

Maes: Right. I began to play bridge a little bit after the war ended. I played a little bit with other officers there on Okinawa and on the ship coming home. So I got back to Bakersfield. I had not graduated from junior college. I had two years there, but I had not taken full courses, so I got back in December. I decided to go to junior college for one more semester to finish

all my UC requirements. I also took some extension courses, and I decided to work, so I worked out in the oil fields for about ten days. There was an accident, and I broke my leg. A piece of drill pipe fell off a truck, hit my leg, so I didn't finish--but I went on to junior college, finished J.C.

I was accepted into UC. We moved up there in June 1946--

Dunning: UC Berkeley.

Maes: UC Berkeley in June '46. We moved into some war housing that was temporary student quarters.

Dunning: Which they're just tearing down now. Near Albany? Albany Village area?

Maes: Well, further out than that, way out in Richmond.

Dunning: Oh, okay.

Maes: First quarters we moved into--they weren't really remodeled or hadn't been kept up. They were just old war housing apartments. Judy was born in September, September 8th, 1946. So now we had Pat and Judy, and we made a move into more structured student housing, still in Richmond war

housing, though, off Cutting Boulevard. That's where we lived until I finished UC Berkeley.

Dunning: How did you choose--it seemed like you had Berkeley on your mind. Now, why UC Berkeley?

Maes: There were a couple of reasons. One, the junior college had close ties with Berkeley. In those days, the junior colleges--all your credits transferred to Berkeley. There was no question about it. And you were required to take undergraduate junior college work that met the undergraduate requirements. So I had done that.

A lot of kids I knew had gone to Berkeley before the war. It was just where I wanted to go. Stanford was out of the question, and for some reason I didn't even think of going south to UCLA, so Berkeley was it.

So I started summer session in UC Berkeley I think in August.

Dunning: August of '46.

Maes: '46. I had taken a couple of extension courses meanwhile, one in statistics and one in business law.

Dunning: Were you still thinking about being a lawyer at that time?

Maes: No. I had become interested in labor relations for some reason.

Dunning: Oh, okay. How did Avis and your daughters adjust to the Berkeley area?

Maes: Well, Avis was pretty busy raising those babies.

Dunning: Her mother stayed in Bakersfield?

Maes: Her mother stayed in Bakersfield, and then she and her friend, Ray, the pharmacist, got married. They moved around quite a bit. They moved to Petaluma at one point and then to Santa Rosa and finally to Eureka. We saw them quite often.

Because of my military credits and my full curriculum from junior college, and my extension courses, it only took me fifteen months to graduate from Berkeley. So I graduated in August. More like a year, I guess. August '47.

I told you I didn't make Phi Beta Kappa, but I got pretty--

Dunning: You got pretty close, it sounded like.

Maes: I got straight A's at Berkeley.

Dunning: I think we're going to start winding down for today, right at Berkeley, but I have to tell you, when I've been talking to you, I keep seeing a map of all the places that you've been, and I'm thinking maybe in your oral history volume, for the first part, we should put a map of your childhood and your teenage years and your early twenties and then how you landed at Berkeley.

Maes: We did move around.

Dunning: Because you really saw a lot and had a lot of experiences.

Maes: Yes.

Dunning: We wouldn't describe your childhood as sheltered--

Maes: No.

Dunning: --in any way.

Maes: Well, I was just fortunate to have a fairly active mind.

Dunning: Yes.

Maes: And the game playing I mentioned. When we lived in Hinkley, I used to go up every night and play pinochle, cribbage and some other game with a fellow who ran a shoe repair shop in

Barstow. He would take me to school most of the time. So I learned to play cards with him. I mentioned the checkers. I joined the chess club--

Dunning: I was going to ask you about that.

Maes: --and I was champion of the Bakersfield High School chess club. There were only about twelve of us playing.

Dunning: And you've continued that through your life? Many of the games and definitely the cards?

Maes: Yes. I haven't played chess and checkers anymore. I play cards, though. Still do. And at Berkeley I got into bridge, and I became a life master in about 1953, I guess.

Dunning: Now, what does it entail to be a life master?

Maes: You're a member of the American Contract Bridge League, and you play in bridge tournaments, and there are several levels. There are local tournaments, there are sectional tournaments, there are regional, and there are national tournaments. There are four levels, and you get master points for winning, and when you accumulate 300 master points, you're a life master. There are some other requirements. Some of the master points have to be at upper-level competition.

So I'd say by the time I finished--by the time I became a life master, I was probably among the, oh, probably among the top fifty players in California. I might be among the top 200,000. Now I've given up bridge altogether.

Dunning: Oh, really?

Maes: Yes. I traded something I did pretty well for something I didn't do so well: golf.

Dunning: Well, you certainly live on the golf course, so it's easy to get to.

Well, I think I'll close for today. I had a lot of surprises today, which is kind of neat, about your childhood, and next time we'll pick up with your finishing up at Berkeley and then getting into the work area.

Maes: My memory gets a little more orderly as we go along.

Dunning: Oh, I think you did extremely well. You think very orderly.

Maes: I have to jump around. Well, it's hard--

Dunning: It's okay. You did a fine job. I think we'll talk a little bit off the record now. I'll turn off the tape recorder. But I want to thank you very much. It's been nice sitting down with you.

Maes: Okay.

University of California at Berkeley, 1946-1948

[Interview 2; October 11, 2001] ##

Dunning: Good morning. The last time we left off after you'd come to UC Berkeley to study labor relations and business. You were married, a young father, a World War II veteran, and living in student housing in Richmond. And that's the point I'd like to pick up today. My first question is why did you come to UC Berkeley?

Maes: I mentioned before, UC Berkeley was the goal of many of the kids in junior college. Our junior college curriculum was academic, and all of your credits at J.C. went directly to UC Berkeley. Berkeley had a reputation as being a very strong university. No other reason. I had never been to the Bay Area before.

Dunning: And you didn't know anybody here in Berkeley.

Maes: No.

Dunning: What influenced your decision to choose business and labor relations?

Maes: The business part tied in with my experience in the army. I was quartermaster, supply officer for an infantry division, and then served in 10th Army Headquarters, again in business-related functions. I was anxious to get going, earning enough money to support my family. I didn't have time to develop a professional career in law or medicine or whatever, so that was the reason. It was a practical decision on my part.

The labor relations part came later, when I did my graduate work.

Dunning: Oh, okay, so your undergraduate major was business.

Maes: Business administration, with a major in economics.

Dunning: And then your MBA--

Maes: Economics, with a focus on labor relations.

Dunning: Now, how many years were you at Berkeley altogether?

Maes: June '46 until September '48, so that's a little over two years.

Dunning: So you were definitely on the fast track.

Maes: Yes. Very fast track.

Dunning: You finished your undergraduate and you got your master's in that period of time.

Maes: Very fast track. A full curriculum. And I worked most of the time.

Dunning: What was your job?

Maes: I was a reader for two professors. One I made a note to mention specifically was Clark Kerr. He later became president of the university, as you know. He's a likeable man. So I read for him for two years; also for a professor named Bill Schmelze, who was doing tax research.

Dunning: How did you get those jobs?

Maes: I don't remember, but it was probably through the student placement service.

Dunning: Oh, okay! You were a bright guy. Somebody probably recognized you.

Maes: Yes.

Dunning: Do things really stand out from your time at Berkeley? Any particular classes or professors that influenced you a lot?

Maes: I recall one professor whose last name was Malm.

Dunning: What is it?

Maes: Theodore Malm--who I thought was a very good teacher, and I liked. Young man. I did my MBA under Arthur Ross, who was a labor relations type professor. Very fine person.

Dunning: And how did you find it to juggle--did you have two children by then?

Maes: I had two children by then, and our third child was born in my MBA period.

Dunning: You had a very busy period of time.

Maes: Connie was born in February '48, so we were a growing family.

Dunning: Did you stay in the Richmond housing that whole period of time?

Maes: Yes. We made one move within the housing area. I was helped in my graduate work because I got a fellowship, the

William Smith Memorial Fellowship. I have no idea who William Smith was, but he gave me \$500, which was very, very helpful.

Dunning: Were you also on the G.I. Bill at the time?

Maes: Yes.

Dunning: So every little bit helped.

Maes: Every little bit indeed helped.

Dunning: Now, as you were a student, did you envision a career ahead of you?

Maes: Not really. Whatever came along, I was ready to--I would have gone in any direction.

[tape interruption]

Dunning: I was going to ask you what your first job was after UC Berkeley, unless there's something else you'd like to talk about.

Maes: Minor things. I mentioned in our last interview that I was disappointed with my Phi Beta Kappa experience.

Dunning: Yes.

Maes: However, I was elected to Beta Gamma Sigma, which is a national honorary business society. In my entire career, I met one other person who was a member.

Dunning: Oh, that was it. So that was quite an honor.

Maes: Yes, it was something I was pleased with. And my thesis for my MBA was a survey of postwar minority employment patterns in the Bay Area. That was kind of interesting because I interviewed a number of companies and some trade unions. There obviously had been a lot of discrimination, but at that time--this was 1948--there was a developing negative reaction towards Communism. More than once in my interview process, people would ask me cautiously, had I met any Communists on campus.

Dunning: Oh, really.

Maes: Was I concerned about Communism.

Dunning: So they would turn the interview around to you.

Maes: And I didn't know how to answer those questions. The answer was negative in both cases.

Dunning: Now, who would you be interviewing? Mostly people who headed companies?

Maes: More likely their labor relations personnel. I called the Rapid Transit office in San Francisco and tried to make an appointment, and about a day later I was called into the Business Administration office at the university. One Rapid Transit Executive had called them to find out what was going on, why was this person looking into their employment patterns. I never did interview them.

Dunning: How did you choose that topic? I mean, it seems like such an important topic, especially that postwar period when the whole ethnic composition changed in the Bay Area.

Maes: Well, a Swedish author, Gunnar Myrdal, had written a book on this general subject, and I liked his book, and I thought that would be a good subject for a thesis.

Dunning: Definitely. Well, what sort of things did you find out when you were interviewing people?

Maes: I found out that the discrimination was prevalent in both employer and trade union levels. There were numerous all-white unions. Employers at that point were beginning to be less discriminatory, and the unions were beginning to

respond. It was just the beginning of awareness of discrimination, particularly toward blacks.

Dunning: Right. Well, that's still a question that comes up today because blacks were allowed to join the unions in the shipyards, but there was a tiered system.

Maes: Right.

Dunning: And then when the shipyard days were over, where were the people? Some people weren't able to continue in the unions.

Maes: I think my conclusions were that there was some progress being made.

Dunning: Slow. Slow but sure, maybe? Was that the beginning of your interest and work in trade unions?

Maes: Well, I really still didn't have an employment plan. Jobs weren't all that plentiful, surprisingly, in the Bay Area, so until I started interviewing, I didn't know where I was going.

Dunning: Who set up the interviews?

Maes: The employment office at the university. I interviewed at about three corporations. I have no idea who they were at this point.

IV ALAMEDA COUNTY MILK DEALERS ASSOCIATION

Position as Assistant Manager, 1948

Maes: I interviewed with the Alameda County Milk Dealers Association. In all cases, they had gone to the universities seeking personnel.

Dunning: And that was the one that came through.

Maes: That's the one that said they'd like to see more of me.

Dunning: Do you remember anything about the interview?

Maes: Well, Jim Conaghan was the manager of the Alameda County Milk Dealers. C-o-n-a-g-h-a-n. Sounds Irish. Was Irish. After my first interview with Jim, he arranged a second interview with a committee made up of Don Hogue of Carnation Company; Bert Reeder of the Borden Company; and Arthur Schwatka of Golden State.

Dunning: Oh, okay, so there was quite a group there.

Maes: They were the three large members of the organization. Incidentally, I had known Art Schwatka's wife, Gladys. She was a fellow student.

Dunning: Oh, really? Well, that probably didn't hurt.

Maes: A fellow member of Beta Gamma Sigma. They divorced a few years later.

So anyway, they hired me. I went to work in October for \$300 a month.

Dunning: October '48.

Maes: '48.

Dunning: What was your title?

Maes: Assistant manager.

Dunning: So you were the assistant manager of the Alameda County Milk Dealers Association.

Maes: Alameda County Milk Dealers had, if I mentioned, I think twenty-three member firms in the East Bay, Alameda, and

Contra Costa counties. They also represented the San Francisco Milk Council. The Milk Council had nine members.

Dunning: I would really like to hear about those, but first, what kind of an organization was the Alameda County Milk Dealers Association? What was its purpose?

Maes: Their primary function was representing its members in labor relations at that time.

Dunning: And the members were? You don't have to go into them specifically right at this moment, but just generally.

Maes: They were milk processors, fluid milk processors. Also in the same office the Bay District Ice Cream Manufacturers were represented. These groups--the San Francisco and the Oakland group and the Ice Cream Manufacturers--had about sixteen labor contracts with various unions. There were annual negotiations with the various unions. Some were relatively formal, long, drawn-out negotiations; some were not. Some were almost pro forma. And then contract administration, which consisted of grievance committees, often in cooperation with the unions after contracts were executed. So that was the primary function then.

When I came, the members were beginning to look at other possible functions, so I helped develop a number of

those.

Dunning: How did you learn your job? Did you have a mentor at the time?

Maes: On the labor side, Jim Conaghan was very good. Jim Conaghan had been an enforcement officer with the California Bureau of Milk Control in the Department of Agriculture, so he had a fairly broad background. My labor work was learned from Jim. As we began to develop other functions, which I'll touch on, mostly I developed those in response to members who expressed interest.

The associations had monthly meetings, and out of those meetings, various ideas would emerge, and our office gradually began to embrace new functions.

Survey System for Fluid Milk Sales

Dunning: What were some of those new functions?

Maes: One of the early things we did was sales volume reports. I developed a survey system so every month I'd call each member. They would tell me what their fluid milk sales were

for that month, and then we'd publish a monthly bulletin. This was kind of a stabilizing idea. If a company's sales were down, and it turned out the whole market was down, they were not that concerned.

Dunning: Was that the first time that the Milk Dealers Association had a publication?

Maes: Right.

Dunning: So that was a big step. Do you have any copies of your early ones?

Maes: No. There are no files left from Alameda County.

Dunning: Oh, okay.

Milk Bottle Exchange

Maes: There was one other function of the Alameda County Milk Dealers I should have mentioned. That is they operated a milk bottle exchange. At that time, home delivery was the predominant method for milk distribution, and milk bottles got transferred between companies, and milk bottle exchange

would call on the plants and pick up all the bottles, the foreign bottles, and return them to the owners. The bottles were registered.

Later, and not much later, milk cases became a major problem, that is, the loss of milk cases, and it became a bottle and milk case exchange. So I supervised that function.

Dunning: Well, this might be a good time to segue into one of Gary Sabatte's questions about home delivery. Is that okay?

Maes: Sure.

Dunning: One of the things he was asking is what were some of the factors that led to the rise in home milk delivery in the metropolitan Bay Area? Now, he talked about the whole range from 1920 to 1960 period.

Maes: I don't think of it as rising. I think it was the predominant method of distribution.

Dunning: Was it the only?

Maes: No, there were out in store sales, but until the early 1940s, the predominant container was glass, and store sales in glass containers had problems. Glass containers were relatively expensive. I honestly don't know how the companies got their

containers back when they sold them through the stores, but I assume they had bottle deposits. But the delivery system to the stores was relatively a high-cost process, and home delivery, efficient home delivery was very competitive. They could sell at about the same price as the stores, so people would naturally choose to get their milk at home.

When I went to work in 1948, I think that home delivery accounted for about 60 percent of the total volume. But meanwhile, the paper containers had been developed, and that was a great transition--

Dunning: So this was in the late forties that paper was--

Maes: Paper came in in the early forties, but the American Can Company had a flat-top paper container in half pints, pints, and quarts.

Dunning: Was American Can the first?

Maes: Yes.

Dunning: They were the first to develop the paper.

Maes: Right. So the quart container at the store level became more and more prominent, but home delivery was thriving. It was doing very well. In the East Bay there were probably--let's

see--well, let me tell you the composition of the Alameda County Milk Dealers. The three large national companies--Borden's, Carnation, Golden State, which was not national at that time--delivered both home delivery and wholesale. There were two large vertically integrated firms: Safeway and Hagstrom's.

Dunning: What was the second one?

Maes: Hagstrom. Hagstrom served Purity Stores. Obviously didn't survive. There were three wholesale companies, three small wholesale companies, and there were about fourteen or fifteen home delivery companies, all family owned.

Dunning: Who do you think the leaders were in the home milk delivery, in the metropolitan Bay Area?

Maes: I think Golden State and Borden.

Dunning: Now, was there one called Meadow Gold?

Maes: Meadow Gold was in the South Bay. They were in Santa Clara County, Monterey, Santa Cruz. They were part of Beatrice Foods, so they were another national company.

Dunning: So they weren't in your association.

Maes: They were going back a couple of years--a year later they were. We added the Santa Clara County Milk Dealers. Let's see if I left out any category here. Well, you asked about the larger distributors. Among the independents, Berkeley Farms was the largest in the East Bay, but Carnation, Borden's, and Golden State were all fairly significant home delivery firms.

After Berkeley Farms, I supposed Shuey Dairy was the largest independent.

Dunning: Where was Shuey Dairy?

Maes: They were on Telegraph Avenue in North Oakland.

V TRANSITIONS IN INDUSTRY: CHANGES IN DISTRIBUTION PATTERNS, PACKAGING, AND PROCESS

Dunning: One of the things the advisors are quite interested in is the transitions in the industry and the flow of the milk companies, and the question that always comes up is why were there so many milk companies sixty years ago and so few now? Do you have a general theory about that?

Maes: In the first place, when I went to work in '48 there were about 580 milk companies in California. The distribution patterns were quite different. They were localized. Companies served within a county or within small milk marketing areas. They were generally family operations. Quite a number had started out as producer distributors, which means that they had cows, milked them, sold them either at home delivery or sometimes at little depots on the ranch.

I think the transition into the paper container was certainly a major factor because milk processing became

much more efficient with paper. You had machines that could fill them much more rapidly, and you didn't have to fuss with those glass bottles. It was truly local because of the limits on transportation, so the development of refrigerated trucks began to change that. But even as late as the 1960s in the Bay Area, distribution remained very local. San Francisco companies didn't go outside San Francisco. If they did, they had depots in the outlying area. The same in Alameda, Contra Costa, and it was true throughout the state. That's why we had so many marketers. We had thirty-three marketing areas.

Dunning: In the metropolitan Bay Area?

Maes: No, in the state. Each with its own pricing structure. Milk prices were regulated at all levels at that time. In fact, there was a minimum wholesale price and a minimum retail price. Tended to protect these smaller operators to some extent. But I think the change in packaging, the development of refrigerated trucks, and technological developments in the plants were important.

Dunning: Now, the refrigerated trucks. When did they come in?

Maes: I think probably in the 1950s.

Dunning: And before that, there'd be a milk truck that would just go and deliver locally.

Maes: Right.

Dunning: So the milk would stay fresh.

Maes: Ice was their refrigeration.

Dunning: Do you remember some of the companies that stopped when the packaging changed?

Maes: Well, the transition was very gradual. [refers to notes] I have some notes. Remind me, I have some notes on numbers of companies. There were about 580 companies in 1948. Up until 1970, that number was relatively stable, but there were some mergers. For example, in the East Bay, Shuey Dairy merged with Diamond Dairy.

Dunning: What about national milk companies?

Maes: We mentioned the national companies were Carnation, Borden's, Meadow Gold in the South Bay. On the ice cream side, there was Swift; in Southern California, Arden Farms, who later came into the Bay Area. And none of those has survived.

Dunning: Do you have an opinion why, like, Foremost failed?

Maes: Yes. I think the corporate structure for a particularly diversified corporation such as Foremost were reluctant to make new investment in a relatively low-margin industry. The dairy industry was never a high-profit industry. And their facility became more and more--I don't want to use the word "obsolete"; "obsolescent" would be a better word. As technology improved in the plants, they were not replacing their equipment--

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Maes: The stockholders and top executives really saw a better place to invest or reinvest their profits.

Dunning: But Borden, Golden State, and Foremost--they were the leaders between 1940 and 1970?

Maes: Borden's, Golden State, and Carnation. Golden State then began to merge. Golden State was acquired by Foremost, and then Foremost merged with McKesson. So at the end, it was Foremost-McKesson.

Dunning: So you saw a lot of that happening.

Maes: Oh, yes. Yes.

Dunning: Do you think it was sort of a natural evolution?

Maes: Back to the independent companies, the family-owned companies were anxious to reinvest in their own companies, kept equipment modern. There were some other reasons--of course, vertical integration was also a developing trend. I mentioned at the beginning there were Safeway and Hagstrom in the East Bay, and in the mid-sixties, Lucky Stores built their own plants. In Southern California, Ralphs Markets--

Dunning: Ralphs?

Maes: Ralphs. The same Ralphs that you now see except under different ownership now. In Southern California, the United Grocers, a wholesale grocery firm, built its own milk plant. Safeway and Jerseymaid [Von's Markets] were captive plants. So there was a trend toward vertical integration to the point where vertical integration became about a third of the volume. And it affected the national companies because their key customers were chain stores. As chain stores integrated, the national companies did lose volume.

Dunning: What were you doing during all this time?

Maes: Well, okay. I started telling you about the Alameda County Milk Dealers.

Dunning: Right. People have said that you were an incredible negotiator, had an amazing sense of business, but you were in the midst of all these changes.

Maes: Yes.

Dunning: How did it impact you and your job?

Maes: In the Alameda County Milk Dealers, in the first place it expanded, and we took in the Santa Clara County Milk Dealers. [pauses] I'm trying to get things in sequence.

Dunning: I can put it on pause for a minute.

Producer Pricing System

Maes: No, that's okay. A couple of other minor functions that we took on in the office is we organized retail credit operations, because home delivery customers often didn't pay their bills, so the companies would feed into the office their experience with non-payments, and when companies got new customers, they'd run them through our office to see if there were any deadbeats.

What did begin to develop was producer relations. The producer pricing system was in transition at that time. I made a few hearing appearances supporting producer petitions for higher prices. The producer-processor relationship was quite different in those days. The predominant method of procurement of fluid milk producers was through contracts. Today it's quite different. We'll probably get into that later.

But the contracts--each company had its own group of producers under contract, and they met with them frequently. They had field men that went out and worked with them, and they had an interest in each other's survival. The producers needed a plant to ship to, and the processors wanted a stable group of producers who would want to ship to them. So there were a lot of common interests.

During that period, we had kind of a strange combining of interest in terms of labor relations. The Teamsters Union tried to organize the milkers on the dairy farms.

Dunning: When was this?

Maes: This was about 1954, I would guess. The dominant unions in the milk plants were Teamsters. The Teamsters had all the drivers, all the plant workers, all the ice cream workers. So in their organizing efforts out in the country, through a separate

local, Milkers Union--I don't recall their number--would picket a dairy ranch, and they would also picket the plant the dairy ranch was shipping to, so there was a real clash of wills there.

Dunning: Was that a successful organizing campaign?

Maes: Partly. Only partly. We didn't have a primary interest in that except when they began to picket our plants, and there was litigation over it.

Dunning: Who sued whom?

Maes: I think Safeway sued the union. And I don't recall who else did sue--I remember going to court down in Merced and testifying as an expert witness on it. The litigation sort of faded away.

In any event, I began to attend meetings with producers. San Francisco had a producer group called Consolidated Milk Producers, whose members produced all the milk that came into San Francisco.

Dunning: And you would meet with them.

Maes: We would meet with them monthly. We had a joint sales promotion program that was authorized by statute, in San Francisco.

Dunning: Well, I've heard through the grapevine that you were the person--you were connected with the producers, the processors, union people at these monthly meetings and that you were the person that brought people together and could work very well with people.

Maes: I worked well with producers. I really believed, and still do, that we had a great common interest. Our interest was in selling milk to the consumers. It was quite a different climate at that time, however. Almost 80 percent of the milk production went into fluid milk, as opposed to manufactured products. So we needed their product, and they needed to sell to us, so I identified common interests. I believed in it, and it was an easy sell.

Dunning: Was this almost from the time you started?

Maes: Into the 1950s, probably mid-1950s.

Dunning: I'm trying to get an industry time-line but also your time-line as well.

Maes: Let's see what else I have. Then we began to get into wholesale and retail price hearings. I mentioned raw product hearings. The resale portion of the law had been in court in 1948. Safeway had sued the Department of Agriculture. I'm not sure what their primary allegation was. I think they probably felt the setting of the retail price--the wholesale and retail prices--was an unnecessary government regulation which was not in their best interest.

The Department of Agriculture was not active in the resale pricing program until about 1952. When they became active, I began to appear at wholesale and retail price hearings on behalf of the members, and that became a fairly important function. I mentioned that by this time we represented San Francisco, East Bay, Santa Clara County Milk Dealers, Monterey--through the Santa Clara Milk Dealers, they represented the Monterey-Santa Cruz companies. Also the Sonoma-Marin marketing area. I think that was the whole Bay Area at that time.

Dunning: So that was considered the whole, entire metropolitan Bay Area? Is that what it was called?

Maes: There were all these separate marketing areas, so I would appear and testify initially as to new cost items, the effect of labor contracts on our operating costs, but gradually that process became more and more sophisticated. The Alameda

County Milk Dealers represented milk dealers from most of Northern California.

Dunning: The Northern California Milk Dealers.

Maes: That starts in 1960.

Dunning: Yes.

Maes: At the time, in the 1950s, all the pricing at wholesale, regardless of the size of delivery, was a flat price, and that really didn't make much economic sense. A professor named Dave Clarke at the University of California Giannini Foundation began to do some work on the relationship between delivery volume and cost. The Alameda County Milk Dealers were interested in this, and so I did a survey called the San Leandro Survey. Had all the companies save their milk tags for every store delivery they made in San Leandro for a week. It was very revealing.

What we discovered was that two or three or four companies were serving small stores, each serving a very small volume of milk, obviously a very inefficient concept. From that survey and Dave Clarke's work, we began to develop quantity discounts at wholesale. And that did have a major effect on distribution.

Dunning: You called it quantity?

Maes: Quantity discounts.

Dunning: Would you elaborate on that a little bit?

Maes: Yes, as the delivery quantities got larger, the cost of distribution was less, and the quantity discount became a disincentive for people to have two or three or four brands of milk in the same store. It was inefficient. The product was homogeneous. Milk was milk, with strict quality controls, and so the delivery patterns began to change.

Dunning: This would be in the fifties.

Impact of Drop Shipment

Maes: Mid-fifties. Then in the late fifties, something really revolutionary developed in delivery. Foremost, with leadership from their president, who was Bill Morrison (had been with Golden State originally), developed drop shipment.

Up until then, all wholesale delivery had been full service. The driver would take the milk into the store, put it in the

milk case, pick up cases, and so forth. Under drop shipment, the Foremost theory was you could drop the milk on a platform behind the store and drive away, and this would be the most efficient delivery pattern possible. They wanted to offer a substantial incentive for doing that.

The unions got into this and opposed it vigorously because it meant loss of jobs, but Foremost prevailed. They got enough support from within the industry that we went to hearings and developed the drop shipment concept, again with help from Dave Clarke.

Dunning: And who do you think the drop shipment helped, the most?

Maes: It helped the national companies, the large operators. It was a weapon against vertical integration. It generated efficiency, and that efficiency began to impact home delivery because the cost difference between delivering to homes and delivering to stores got wider and wider. Home delivery operators responded initially by changing the delivery patterns, going from daily down to every other day, and finally down to three times a week. They even had their own quantity discount systems, trying desperately to survive.

Dunning: This is the first time I've heard this explained like this. It makes it real clear. I mean, you were there when this big change was--

Maes: In the middle of all this.

Dunning: Right in the middle of it, when it was developing.

Maes: Representing members with widely different views. I can remember after the San Leandro Survey, hearings were scheduled to consider quantity discounts in Alameda County-Alameda-Contra Costa. We met and met and met, trying to reach agreement on what a reasonable discount schedule would be. Finally, the evening before the hearings, we reached a very shaky agreement. I didn't even have time to prepare testimony. I just went in and on an impromptu basis made these proposals, and they were adopted. So it was a very emotional, controversial time.

Dunning: Were there a lot of bad feelings involved?

Maes: There were some, yes. The smaller wholesale distributors were bothered by it, but they mostly survived. But they later gradually merged with the larger companies.

Dunning: Do you have any examples of ones you worked closely with?

Maes: In what?

Dunning: The smaller wholesale distributors.

Maes: The three small wholesalers in the East Bay were Dairy Rich. John Peters was the owner. His son was Frank Peters. Frank was very active in the association. Durham Farms was the second one. The owner was Mrs. Gomez, but her son-in-law, Bill Bain was the manager. And the third was Oak-Dale Creamery. Hyphenated. Also known as Grocers Milk Company, and that owner was Harmon Shreve.

Dairy Rich was the one that really fought the hardest to try to save their position, and they were the best run, best managed of the three. But they adjusted.

Fair Trade Practices

Maes: I should have mentioned another important function during these years was the encouragement of fair trade practices. As a companion of retail and wholesale price regulation, there was a fairly comprehensive set of rules in terms of observing those prices. There was a tendency for some companies to seek new volume by offering illegal discounts or other unlawful practices in order to get customers.

Dunning: And who would regulate those?

Maes: The Bureau of Milk Control is a division of the Department of Agriculture. Incidentally, the Department of Agriculture was the Department of Agriculture until about 1970; then it became the Department of Food and Agriculture. It's the same organization.

So the local associations in the Bay Area would develop what were referred to as "clean-ups." They would all agree there would be no more under-the-table activity. One of my functions was to try to encourage those "clean-ups" to really operate. They would report violations to me, and I would call the alleged violator.

Dunning: So you were kind of a watchdog?

Maes: Right. It was only moderately successful. In San Francisco they finally hired a man just to do that. His sole function was to police the trade practices. That fellow lasted about a year.

Dunning: It seems like it would be a really difficult job.

Maes: The ethical standards--I don't think they were bad; I think it was just the salespeople were out there, trying to get business. Volume was everything. New store openings--some firms would want to give free product. There were various types of violations. Some companies were more ethical than others, I think. I wouldn't identify those one way or the other.

Even at home delivery there had been some questionable practices. Free product, maybe, to get a new customer.

Dunning: Can you give me a little background on the fair trade practices as it relates to the dairy industry?

Maes: Right. The original statute was the Young Act [1935], which regulated producer prices. The Desmond Act followed.

Dunning: Oh, okay, because I was looking at the time-line that you loaned me. The Desmond Act was introduced in 1937, and it established minimum wholesale and retail prices.

Maes: Was it that far back, '37?

Dunning: Yes.

Maes: Then the Young Act was before that.

Dunning: Young Act was 1935?

Maes: Desmond Act, '37.

Dunning: '37.

Maes: That's right. Then everything went into abeyance during the war. The Desmond Act included an unlawful practice section,

I believe. Unlawful practice chapter. The unlawful practices just involved selling below cost, illegal rebates, failure to charge for refrigeration. Advertising allowances were not permitted. A whole fairly complex set of unlawful practices.

They were reasonably effective. Since the minimum prices were set and were rigidly observed at the store level--stores never violated or seldom did. If they did, they were stopped immediately. The Unfair Practices Act was aimed at the processors.

Dunning: Okay. I have the Unfair Practices Act as 1947?

Maes: Sounds about right.

Dunning: It prohibited sales below cost. So basically, a quart of milk was going to be the same price or within a few pennies of each other in the stores?

Maes: The same minimum price.

Dunning: How about for home delivery?

Maes: Same thing, but at differential over the out-of-store price.

Dunning: It had to be the same.

Maes: Right.

Dunning: Okay. I can see why it would be a real problem for the home deliverers.

Maes: Yes. As the cost differential spread, gradually home delivery began to sell above the minimum, but the stores sold at the minimum. There were no instances of stores attempting to get more than the minimum price.

The Resale Act--its basic intent was to stabilize. It was to provide a stable market for the dairy farmers. The dairy farmers were at the bottom--the Young Act was intended to ensure an adequate supply of pure and wholesome milk to consumers, and most of us took those words seriously. And the Desmond Act was meant to stabilize, so the producers would have a stable market and know where their milk was going, so there wouldn't be great shifts in the marketplace which would leave some producers without a home and other plants out seeking new producers.

The producer price orders under the Young Act also had unfair practice provisions. They're still intended to stabilize.

Dunning: So you had to know all these acts inside out.

Maes: I got to know them pretty well.

Development of the Dairy Council of California

Dunning: I saw that in 1945--this was a little different--the Dairy Products Promotion Act. That's when the Dairy Council of California was established, to foster education and do promotional programs?

Maes: Right.

[The buzz of power movers on the golf course can be heard.]

Dunning: So was that the first sort of big kind of PR and education campaign in the dairy industry?

Maes: I think the first public PR program. The Dairy Council was a different organization. The present Dairy Council didn't assume that name until some time in the 1950s. The old Dairy Council was a loose organization of processors and producers. I think they did some p.r. work. Their manager was a gentleman named Sam Green, who was about my present age when I went to work.

Staying with the Alameda County Milk Dealers. In the early fifties, producers and processors began to notice a problem with maintaining a stable supply because the producer contracts would call for a fixed amount of milk to be

shipped during the peak usage period, which was October, which also coincides with a fairly low production period. In order to meet those contract requirements, producers had to maintain herd levels somewhat above what they would have liked to have maintained.

Through the then Dairy Council, a committee was formed of three people: George DeMedeiros, whose name you've heard; Burt Mosher, who was an economist with Golden State; and myself. We developed a concept called the standby allowance, which suggested that the cost to the producer maintaining this higher level of production in October was about fourteen cents per hundredweight of milk, which doesn't sound like much, but was a significant cost factor to producers.

I recall a meeting in Fresno, where our committee reported. I did the reporting. You could tell the producers were really impressed by this--

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Dunning: You were talking about the standby allowance.

Maes: It is a statistical measurement of the cost of the dairy farmer having to produce above his optimal level in the fall months. He had to maintain the cows year 'round. He got lesser return

during the summer. Translate that into a cost per hundredweight, and that was presented at the next producer hearing and was incorporated into the price structure.

In the present era, that would be an unheard of kind of cooperation.

Dunning: Right, right. And so it was just the three of you--George DeMedeiros, Mosher, and yourself--that came up with this?

Maes: Right.

Dunning: Then did it have to be approved by--

Maes: The Dairy Council approved it, and then it was presented at producer price hearings. I presume the producer organizations adopted the concept, and they presented it at the price hearings. I probably appeared in support.

Dunning: It sounds like you had a lot of meetings in your career.

Maes: Lots and lots of meetings.

Dunning: With a whole variety of people in the industry?

Maes: Yes, particularly later on when we get in the Northern California group. Meetings became much more frequent.

During this period--I was going to make an off-the-record comment.

Dunning: Oh, okay.

[tape interruption]

Maes: Anyway, I felt I was kind of dead-ended. I didn't see any real strong future with the milk dealers. As busy as it sounds, I wasn't always that busy. There were days when I had time on my hands, so I thought of leaving. In about 1958 the Department of Agriculture had created a new position of-- well, for lack of a better term we'll call it market milk administrator, someone who would coordinates the various bureaus that were administering the milk program, and so I took the exam and was interviewed by Emil Mrak.

Dunning: What was the name?

Maes: Emil Mrak. He was the chancellor of the University of California, Davis, and I came up number one on the list. But about this time, they began to talk about the Northern California Milk Dealers, and I was never really serious about making the change, and I did not take the job.

Dunning: You were offered the job--

Maes: Because I was number one on the list and been willing to take it, I would have got it, I suppose. A friend in the Bureau of Milk Control named Bill Hunt actually was number two, and he took the job.

Dunning: So did you watch him over the years and see how his career went and did you imagine what it would be like?

Maes: About four years later, he decided he'd like to go to private industry, and he went to work for the Southern California Milk Dealers. He came to me for advice on how to run a trade association.

Dunning: Do you feel that was the right decision for you?

Maes: Yes.

Dunning: Not to change.

Maes: Right.

Dunning: One of the things John Kaczor has said was that after about five years with the Alameda County Milk Dealers Association, you were seen as knowing just as much as Mr. Conaghan and maybe even surpassing--

Maes: On the economic side, probably so. I was doing all the hearing work. By that time, we also had Central Valley Dairy Association, which met monthly over in Stockton. We had meetings with the Sacramento group. They were not an association, but they met. And also I represented the Fresno processors.

Dunning: So you had quite a big group.

Maes: Yes. We'll discuss this when we get into Northern California Milk Dealers. I was still doing labor work. I did all of the smaller contracts: the auto mechanics, the office workers, refrigeration mechanics. The Teamster negotiation was a major negotiation. Jim Conaghan and I worked jointly on those. But yes, by the late fifties I was really doing all of the economic work. And Jim was never an economist. He was a real nice man, hard worker.

He had one especially good trait: He called on members constantly. When we weren't otherwise busy, we'd get in the car and go out and visit the plants, call the members.

Dunning: So then you were a known entity, and people felt like they could talk to you?

Maes: Yes, right. Yes, I think we had a good reputation for integrity. We didn't violate anybody's confidence. People could talk to

us about the trade practice problem, for example, knowing that we would treat it confidentially. We tried to treat all members equally, large and small, same idea.

The Independent Milk Companies

Dunning: When we started today, you were talking about remembering some of the people you worked with, the independents. Would this be a good time to talk about some of those?

Maes: Yes, and I'm not quite sure how to approach that. Names alone don't tell us very much.

Dunning: Right. Well, we could put it in an appendix if you want. Well, let me approach it this way. John Kaczor--I'm going to quote one of his questions. He wanted me to ask you about your recollections of the many independent and family-owned companies in this 1948 to '60 period. Many were second-generation owners and some third-generations, and this is his quote: "They included characters, philanthropists, chiselers, good businessmen, bad businessmen, friends, and some not so friendly. There were many around in the early fifties." If you can recall some characters or people that were in the industry, this would be a great time. We can get some

of the lists, but one of the good things about oral history is you get some of the little more personal stories.

Maes: Well, let's talk about them a little bit.

Dunning: Okay.

Maes: I mentioned the names of the managers of the larger companies. Let me just identify some of the companies and the names, to begin with. Richmond Farms, a very small member, was geographically furthest north. The reason I selected them is the Skow Brothers had dairy cows and routes. Just really nice old farm types.

Dunning: Was this right off of San Pablo Avenue?

Maes: No, they were--there's been so much growth down there, it's hard to identify. If you go east toward Walnut Creek, what's--

Dunning: Oh, okay, San Pablo Dam Road?

Maes: Right.

Dunning: Near the El Sobrante area, which is pretty rural still?

Maes: Right. Then coming in toward Oakland there was Pioneer Dairy in Berkeley.

Dunning: And these were all when you first came in.

Maes: Right.

Dunning: In the late 1940s.

Maes: '48. Robert Stutt was the owner of that little company. Very small company. Then in Berkeley there was Heath Dairy. The owner was Rollie Heath. He was a non-member. Never would join.

Dunning: Oh, why is that?

Maes: I never knew.

Dunning: Did you try to get him--

Maes: Oh, it was very small so we didn't worry about it very much.

Dunning: He didn't like organizations maybe.

Maes: I think he didn't want to be tied down. And moving on into Oakland, I mentioned Shuey Dairy, and then there was Diamond Dairy. Well, back to Shuey. Their owners were Robert Shuey, the father; Bob Shuey, Jr.; and Ed Shuey. They were kind of leaders in the industry. They were leaders among the independents, among the independent retailers.

Later they merged with Diamond Dairy, and that became Shuey-Diamond. That merger was put together by a gentleman named Ort Anwyl who had been an executive of Foremost. And along with his partner, Art Schwatka, whose name you heard before with Golden State--so Shuey-Diamond was operated by them.

Then there was Berkeley Farms on San Pablo, created by John and Mary Sabatté in the early 1900s, with five sons: George, the oldest; Al, the second oldest; and Frank, then John, and then Raymond. They were an interesting family because they all had totally separate functions. Frank was always manager. When I went to work, John was working in the little ice cream plant they had. George was a plant supervisor, really a plant foreman. Al was their retail manager; he was out in the field, knocking on doors all the time, known as a very aggressive manager. He's Gary's father.

The fifth brother was Raymond, who was an office manager. Their comptroller who also acted as office manager was Wallace Carver. They were almost totally in home delivery, but they began to get into wholesale in the early 1950s. They also had a fountain and a little ice cream manufacturing operation.

Dunning: They would get their milk from the other dairies?

Maes: From dairy farmers, producers.

Dunning: But they never had a farm themselves.

Maes: No, they never did. Then there's one I haven't mentioned at all, Challenge Cream and Butter, which was a cooperative.

Dunning: Which is still going on today.

Maes: No, the name is--they have an office in San Jose, but they're in the butter business primarily. Challenge had a big plant in Berkeley, which is now a vodka plant, fairly close to Spenger's, about a block away from Spenger's.

Challenge was a western states cooperative. Their general manager for much of this period was a gentleman called Jim George, just as it sounds. Jim was--well, he was a real hard-working, interesting guy, a very intelligent man. Challenge was in the Alameda County Milk Dealers as a member, and later they were in Northern California Dairy Association, one of the few co-ops that came in originally.

Dunning: Did you know how big their membership was?

Maes: Dairy Farmers?

Dunning: Yes, in the co-op.

Maes: They were big. They probably had, oh, at least 200 members, or more. Of course, there were far more dairymen in those days than there are now.

Then, still in the East Bay, you had the Borden Company down on San Pablo. I mentioned Bert Reeder. His immediate superior, who worked in the same plant, was Paul McCabe. I never quite knew what Paul's function was. He was just sort of there. Bert really ran the plant.

Then back to home delivery, Williams Brothers were on Telegraphy Avenue, toward Oakland.

Dunning: Williams Brothers.

Maes: Williams Brothers: Harold and Willard Williams. Then we had Golden State on Telegraph. If I said Shuey was on San Pablo, I was wrong; Shuey was on Telegraph.

Dunning: Okay, Shuey was on Telegraph Avenue in Oakland.

Maes: Right.

Dunning: It must have really looked different then.

Maes: It did.

Dunning: It's hard to imagine right now.

Maes: Let's keep going on. Golden State--I think Golden State was on Telegraph also, their big plant. Art Schwatka. And then Bob Morris followed Schwatka. There was another fellow in between, Doc somebody, whom nobody liked. I don't remember his name. It'll come back to me.

Then Carnation was down in West Oakland. I'm trying to think. It was very close to where the freeway is now, where the overhead freeway is. That was Don Hogue. Ross Mainwaring at that time was their sales manager. Ross became very prominent in the industry. Ross was a leader. He became president of both Northern California Milk Dealers and later, Dairy Institute.

Then I mentioned the three small wholesalers, and there was another small retailer in Alameda, Golden Cream. Alex Gonzales. And he was also a non-member.

Then the Fenton Brothers--Fenton's Creamery. I think this was four brothers. The two that I remember are Arthur and Shoren. Arthur finally left the company and opened a little ice cream shop in Willits. And a sister in that company married Bill Morrison, who was the president of Foremost McKesson but had started out in the dairy industry.

Then there was Creamcrest Dairy. These were the Fillippini Brothers. Pretty much the Bay Area, East Bay.

I don't want to leave the East Bay without mentioning Dreyer's. Bill Dreyer, Sr., had been a partner with Edy's Fountains in Berkeley. You've heard of that.

Dunning: Yes.

Maes: Bill formed a little ice cream company on Telegraph, just inside the Berkeley city limits, I think. The plant is still there, as far as I know. Bill was a likeable character.

Dunning: He's still around?

Maes He died long ago. His son, Bill Dreyer, Jr., worked for them. By the time Bill Dreyer, Sr. died, he had sold the company, and they operated as Dreyer's when they became national.

The ice cream group was about eight companies: Carnation, Borden, Golden State, Dreyer, Swift, Samarkind, which was a San Francisco company.

There was Tomales Bay Creamery in San Francisco, which later was purchased by Berkeley Farms. They came in later. They weren't there originally.

Dunning: You have quite a memory for all these names.

Maes: Yes. Long-term better than short-term.

Dunning: Oh, that's very significant. That's pretty amazing.

Maes: You want to know some more over in San Francisco?

Dunning: Yes, and if there are any details you want to add, that's fine, too.

Maes: There were some interesting companies in San Francisco. The largest company was called Marin-Dell. The manager was Tom Foster, manager-owner. His sales manager was Arnold Spinetti. Spinetti had a nickname of "See Me Spin," which was his approach to the customers. He was known as kind of a wheeler-dealer.

In San Francisco, Borden's regional office was in San Francisco, and their big milk plant was out on Hospital Curve. John Stone was their general manager, the San Francisco general manager. Really a fine gentleman, and a leader. He was president of the San Francisco Milk Council for a number of years. Lloyd Kingsley was the milk plant operator.

Spreckle's-Russell Dairy, or just Spreckle's. Both later were owned and managed by Chris Katon. Spreckle's was interesting. They specialized in the restaurant business, and had tremendous coverage. Chris was Greek. His greatest competitor was Christopher Dairy, which was owned by George Christopher, who became the mayor of San Francisco. Christopher never came into the San Francisco Milk Council, but Jim and I would go see him occasionally to talk about trade practices. George Christopher had a reputation, in the industry at least, for being a sharp operator. Kind of a personable fellow.

His brother-in-law, Mickey Davies, is still with Berkeley Farms, which of course now is Dean Foods. Christopher had two sisters in the plant, who didn't get along with each other. Ethel is Mickey Davies' wife. I don't remember the name of the other sister. I got along well with the other sister. Then Berkeley Farms bought them out in the late sixties, I think.

Bell Brook Dairy was owned by Ted Jenkel, who also owned Jenkel Jewelers, a very large and prosperous independent jewelry store in San Francisco.

I haven't mentioned Safeway at all. Safeway had plants in both San Francisco and Oakland. Safeway was never a member of the Alameda County Milk Dealers, but we did represent them for labor relations on sort of a contract basis.

That was because of their negative attitude for the Milk Stabilization Act.

Dunning: Is that why they weren't members?

Maes: I think so. And they were pretty skittish about antitrust matters.

Dunning: Safeway--they were formed in the thirties?

Maes: That sounds about right, yes. They may have taken over Skagg's. I'm not sure.

Challenge had a plant in San Francisco, managed by Claude Crouch.

And then Green Glen Dairy was a small dairy plant and also a laundry. Their owner, Ed Green, was a strong industry leader. He was a leader with the San Francisco Milk Council. Very active in Dairy Institute at that time. His assistant manager was Byrne Bernharb. Byrne and I got to be very good friends. They still live down in Menlo Park.

Dairy Bell was another milk plant. Mina Riordan was the owner. I think they're in Daly City. They're in the south area. Berkeley Farms took them over. Arden's took over Dairy Bell first, then Berkeley Farms took over all of Arden's plants.

Christian Brothers Dairy, a very small firm, was in Daly City. They had a dairy farm.

Dunning: So they were producer-processors?

Maes: Right. And People's Dairy. You aren't going to like this-- named Al Garravanta.

Dunning: Maybe just like it sounds.

Maes: Right. And then, of course, Golden State. Joe Jensen was the manager. In the late fifties a new manager came in, Merv Kirschner.

Then the national companies had branches in Marin County.

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Dunning: I'm terribly impressed that you can remember these without even looking at your notes. But you worked with them for years and years.

Maes: Worked for them, went to plants many, many times, and got to know the people at the middle management level as well.

Dunning: Now, was the processing pretty much a male business?

Maes: Almost totally. When I came in the Dairy Institute, we had one lady who owned a company down in San Diego, and we had a meeting at the Sutter Club in Sacramento, and they wouldn't let her in. There was an en masse exit. The members all walked out.

Dunning: Was this after you were in the Dairy Institute?

Maes: Right.

Dunning: So this was in the seventies.

Maes: Right. In fact, they finally revised that. They would not serve lunch to a woman.

Dunning: Were there particular ethnic groups that were heavily represented? I notice a number of Italian names.

Maes: Italian on the processing side, Italian and Portuguese on the dairy farmers side. Were and still are, in Northern California. Dutch in Southern California, Holland Dutch. Swiss-Italian in the North Bay.

Dunning: Over in the West Marin area?

Maes: Right.

Dunning: Tomales Bay?

Maes: Right.

Dunning: Did you make good friends with some of these people?

Maes: Yes.

Dunning: Would they become part of your social life?

Maes: To some extent, but most of our social life was focused on meetings, conventions. I started going to Dairy Institute meetings in the fifties while I was still with the Alameda County Milk Dealers, mostly because of my developing economic experience. Dairy Institute at that time was not into anything except legislation, but their members had interest in what was going on in producer relations.

Bert Mosher was probably my closest friend. Unfortunately, he died in the mid-sixties. I had several close friends in the Department of Agriculture.

Dunning: Any that you care to mention?

Maes: Well, I think of one that's still alive, Lou Schaeffer, was chief of the Bureau of Milk Control. The Bureau of Milk Control later became Bureau of Milk Stabilization. Lou is a very

competent person and very, very bright. Our hearings got very complex. Lou understood them. He was succeeded by Roy Walker. Roy was also a very good friend. Later, after he retired, he worked with me in Dairy Institute for a while.

Dick Nichols was the regional manager for the Bureau of Milk Control in San Francisco. I think Dick's function was enforcement only. He and I got to be very good friends. He and Bert Reeder got me started playing golf.

Dunning: Oh, okay.

Maes: Which took a lot of patience on their part. I had never touched a golf club until I was in my thirties.

VI FAMILY AND WORK LIFE, 1950s AND 1960s

Dunning: And where were you living at the time?

Maes: We were living in Richmond. When I went to work for the Alameda County Milk Dealers, we bought a house in Richmond, on Tehama Avenue, for ninety-four hundred dollars. In order to swing it, I had to have a second mortgage. When I got paid, I think it was monthly, I'd go over to the Bank of America and make a cash payment on the second mortgage. We bought some appliances from Sears, Oakland, and at that time you had to make your payments in person, so once a month we walked into Sears and gave them twelve dollars on our washing machine or our refrigerator or whatever it was. And then our son, Bruce, was born in 1950.

Dunning: So you had four children from, like, 1946 to '50?

Maes: No, Pat was born in '44.

Dunning: Okay, so '44 to--

Maes: '50. They're each two years apart in school.

Maes: Then we moved from Richmond, which would be the Richmond Annex, to Washington Manor out near San Leandro. Just a second.

Dunning: I'll put it on pause.

[tape interruption]

Maes: We moved from Richmond to Washington Manor in 1953, and we were there until 1961, when we moved to Lee Avenue in San Leandro. Just to complete the residential part, we moved to the Dublin area--actually, San Ramon Village, right by the golf course there--in 1965, I think, and then to this house in 1970.

Dunning: And you've been here--

Maes: Thirty-two years. Yes. While I was doing all this, I was working pretty hard. I also kept playing bridge.

Dunning: Which you had started in the service?

Maes: I really started--

Dunning: Before that?

Maes: No, I started on the way home from Okinawa a little bit, and then at UC Berkeley. In spite of working hard and carrying a full load, there was still dead time to go up to the Student Union and play cards. I made a lot of friends there, and then I got more serious about duplicate bridge, and I became a life master fairly early, about 1953, I think. Kept playing until I moved up here, and I gave up bridge, something I did well, for golf, something I'm pretty mediocre at.

Back to the dairy industry.

Dunning: Well, before we get completely back, what was your schedule like when you worked for the association? It sounded like you had a lot of meetings, so it wasn't like a nine-to-five job.

Maes: I had a lot of meetings. Nine to five was our basic office hours. When we got into hearings, I sometimes worked nights and weekends because in developing testimony, way before computers, of course, and before Xerox. I'd hand write my testimony. My secretary would I think generally type it directly onto a stencil, and then I'd proofread it before she ran it, so it was rather a laborious process.

I worked, I would say, probably--and it's dependent on what was going on. If we were into hearings, I would work nights and weekends; if we weren't, I would usually go nine to five. Kind of a turning point for us financially came when the

Milk Dealers decided to furnish me with a car. That helped a lot.

Dunning: When was this?

Maes: Probably about 1953, I would guess--'52 or '53. I made the request because we were calling on members. I was traveling a lot by myself.

Dunning: Right, and you really needed a company car.

Maes: I was charging mileage, but I needed a company car. That was a big help.

Dunning: Did you have another car in addition?

Maes: No.

Dunning: A family car?

Maes: No.

Dunning: The company car was it.

Maes: Well, I had a family car before I got the company car. But then we went down to one car later, when we moved to San Leandro, we got a second car for Avis.

Dunning: So Avis kind of ran things at home when you were at work.

Maes: She was a busy person.

Dunning: Right, with four little children.

We're actually coming onto about two hours.

Maes: Are we?

Dunning: Yes.

Maes: Yes, we are.

Dunning: I don't want to go too much further today, but maybe we could talk a little bit about the next time, when Alameda County Milk Dealers changed its name, or did it change its whole organization to the Northern California Milk Dealers Association?

Maes: By the late 1960s, the economic function had become increasingly important, and so the members decided to split the office, to form the Northern California Milk Dealers Association, and the Northern California Labor Relations Association. I was made executive director of the new milk dealer group, and Jim Conaghan was appointed to the same function for the labor association. We shared office facilities.

The local associations kept on functioning, mostly for hearing purposes, but we had periodic meetings of the Northern California Dairy Association [board]. And I think all the dues began to flow into the Northern California Milk Dealers. I talked to John Kazor about this. We're both a little bit fuzzy about how we handled the finances.

Dunning: And you started working with John about the time--

Maes: In 1964 I hired him out of UC. I didn't hire him; the Milk Dealers hired him.

Dunning: Then you went into the Dairy Institute.

Maes: In 1969, April 1969.

Dunning: So you really know the whole realm of the legislative, the economic, legal and industry relations. It's mind boggling. Not to you, because you did it every day.

Maes: I'm reading these talks. I'm just amazed at how widespread my activities were, just amazed. But I think I told you in our first meeting, I never thought of myself as an economist. When I began reading these talks, I realized how I did kind of become an economist.

Dunning: Do you have copies of those?

Maes: I don't have extra copies.

Dunning: Okay.

Maes: This is about a fourth of them. I made many presentations.

Dunning: Well, I think it might be really helpful for me, as I prepare, to look at them, but I don't want to take your original.

Maes: You can borrow them, I think. Yes. I made most of my notes-- this is just part of them. I made most of my notes for the northern California session already. I'd like to spend some time taking about producer relations in particular.

Dunning: Well, we can--

Maes: The great transition in the dairy industry in California was milk pooling. I touched a little bit on the producer contracts.

Dunning: And that was about '64?

Maes: No, '69. And became operative in 1970.

Dunning: Well, maybe next time we'll start off in about 1960.

Maes: Northern California Milk Dealers.

Dunning: If there's anything from the earlier period that you want to add, feel free because we can get it in there easily. Do you think some of those papers would be helpful?

Maes: Let me give you--if I can find them [leafs through papers].

Dunning: Okay, I'll turn this off for now, but--thank you very much [accepting papers]--and we'll continue our conversation next time.

Maes: Okay.

VII NORTHERN CALIFORNIA MILK DEALERS ASSOCIATION

[Interview 3; November 1, 2001] ##

Dunning: Today we are going to start with your taking your position with the Northern California Milk Dealers Association, and I'm wondering, before we get into some of the key issues you addressed during your tenure, if you could talk a little bit about the structure of the organization.

Maes: I'm glad to do that. All of the associations that I dealt with during my active years were nonprofit corporations. They were governed by a board of directors. They were financially supported by a dues structure based upon their volume, their volume of fluid milk or ice cream or both. They were very democratic. Each member had one vote, regardless of size, so you might have one company, such as Foremost-Golden State, actually representing 30 percent of the volume, and small companies such as Green Glen Dairy representing one percent of the volume, but they had equal voting rights.

Policy direction came from the board of directors. They relied heavily on staff, I think, for recommendations; staff being me most of the time! But occasionally there would be disagreements and differences. We would hammer those out at board meetings.

Dunning: Who decided that it was one vote for each organization, and were there many people upset about that?

Maes: No. Later on in the Dairy Institute we had one company that wanted two votes because they were large, both in Northern California and southern California, but they never got it. One member, one vote. This worked smoothly. People accepted that. As their manager, I certainly lived by that rule. Each member was equal in our eyes.

Dunning: And you were the executive director of that?

Maes: Yes.

Dunning: That was your position.

Maes: Yes. There were permanent committees. There was a producer relations committee; there was a cost committee; and we interacted. The cost committee was very important because it made recommendations concerning resale pricing, which was a large issue that we'll touch on. And that

committee coordinated its activities with the Dairy Institute; the Dairy Institute had a statewide cost committee.

Dunning: Were you one of the only paid employees for the Northern California Milk Dealers Association?

Maes: We had a small office. I had a secretary, Louise Hayes. And, of course, I hired John Kaczor in 1964. When we look at the economic functions, you'll see why we needed John.

[tape interruption]

Dunning: Where was the location of your organization?

Maes: Our office was at Broadway and MacArthur in Oakland.

Dunning: Oh, okay, so you started off right in Oakland.

Maes: We did retain a small office in San Francisco, which had been the San Francisco Milk Council office for years and years. It was empty, but occasionally we had meetings there.

Dunning: Was there much transition for you in terms of going from the Alameda County Milk Dealers Association?

Maes: No, not really, because I had been doing all these economic functions.

Dunning: Anyway.

Maes: Anyway. The Milk Dealers were really an economic organization. It focused entirely on economics, at that time.

Dunning: Now, you've said that you really weren't an economist, but you ended up as an economist.

Maes: By this time I guess I was. We began to get into some other areas I want to touch on, non-economic but closely related: product standards, producer relations, broadly.

Dunning: This might be a good time for me to ask you--these were probably among some of the key issues you addressed during your tenure with the Milk Dealers Association.

Maes: Yes.

Dunning: Whichever one you'd like to start with, product standards or producer relations, would be fine. But I'm wondering if there were some that were just very outstanding in your memory.

Maes: Yes.

Dunning: Probably a lot.

Producer Relations

Maes: Let's talk about producer relations first, because producer relations involved how the member firms and processors dealt with their producers, both in terms of their contract relationships and the development of pricing, the producer pricing program.

Key issues during this period--we've mentioned product standards. In the early 1960s, national interests began to focus on lower-fat milk. In California we legislated our own state standards, and our only milk standards were for whole milk and skim milk.

Dunning: That was it until the early sixties.

Maes: Up until about 1962. We also at that time were still paying producers primarily on the basis of butterfat content. Skim milk had a much lesser value than it does today. And so producers wanted to be paid more for the skim milk portion, which contains the more essential elements of milk. Butterfat is least essential. The processors began to market low-fat products. That led to a lot of work and discussions.

Dunning: I might mention--do you know Ernie Glaser?

Maes: Yes, with Avoset?

Dunning: Yes. Because his wife [Eleanor Glaser] has worked at the Oral History Office, and Ernie--when he found out you were being interviewed, he gave me a couple of questions. He thought you were a perfect person to interview. One of his statements was that "there is a total divergence of interest between milk producers and processors, and Larry Maes can lay out this complex subject for you."

Maes: I don't think we have enough hours. In the sixties there was not that divergence.

Dunning: Oh, really.

Maes: The primary standard of the Milk Control Act was to ensure an adequate supply of milk, pure and wholesome milk, to consumers. Of course, a high percentage of usage was Class 1, or fluid. That fluid represented about 80 percent of all the milk production. So we had a common interest in ensuring an adequate supply so we'd have milk to bottle. As a matter of policy, both producer groups and our group refrained from attacking the price levels. In fact, sometimes milk looked like it might be in short supply. We'd be supportive of producer price increases.

Today there is a totally different climate.

Let's come back to the component pricing issue.

Component Pricing

Dunning: Okay. In 1962 the AB-2742--I'm looking at the Dairy Industry historic time-line--"establishes component pricing for fluid milk products." That's what we're talking about.

Maes: Right. And Northern California Milk Dealers had a strong role in that.

Dunning: In establishing it?

Maes: In developing the standard. In the first place, the first step was to develop a product of 2.10 [pronounced two ten], which is now--2.10 is now reduced fat. Well, 2.10 is now called fat-reduced.

Dunning: It's called 2 percent?

Maes: Yes.

Dunning: The 2.10 is the 2 percent, yes.

Maes: That was a brand-new and unique standard. It wasn't in effect anyplace else in the country. Under the federal system, the minimum solids not-fat content was 8.7. And so to make our low-fat product, you had to add something. You had to add solids not-fat to bring it up to 10 percent. That led us into pricing the fat and solids not-fat in a manner which would--let's see how to state this. We had to find more correct values for fat and solids not-fat. With the help of Dave Clarke, whom I mentioned before, at the University of California Giannini Foundation, we developed a concept of paying for fluid milk for Class 1 usage: fat, solids not-fat, and fluid carrier. Fluid carrier was just the water portion of milk, but fluid carrier was a device to reflect price differences between areas and to reflect the cost of transporting milk. A fairly complex idea.

The processors' primary goal during this period was first to be able to market the new product, and second to come as close as we could to an equal raw product between processors. The problem with attaining an equal raw product is that all milk doesn't come in in the same composition.

Dunning: So you would have to have testing for all that?

Maes: Testing. We tested I think every other day at that time.

Dunning: And you'd test it when it was in the tank, or would you test it on the farms?

Maes: We took samples at the farms.

Dunning: Okay. And who would do that?

Maes: The farm tank driver would take a sample, bring it back to the lab, and they would test it there.

Dunning: So every milk plant had their own lab.

Maes: They did. And some of it was fairly primitive. In some cases, there were questions raised by producers as to whether or not the testing was accurate. That was a whole other field that we began to develop in the sixties.

In any event, we developed component pricing, the 2.10 product, and we stayed focused on this issue of equal raw product cost.

Raw Product Cost

Dunning: How would you define the raw product?

Maes: Raw product cost involved payment you would make for the components of milk: fat, solids not-fat, fluid carrier.

Dunning: Okay.

Maes: The underlying problem is that milk coming in from the ranch would vary in terms of those components. If, for example, talk about whole milk. The minimum standard for solids not-fat in whole milk was 8.5 percent--actually, if your dairy farms were sending you milk at 8.7 percent solids not-fat, you had no way to get it down to 8.5. The key difference--butterfat you can standardize. That is, you can achieve any level of butterfat you like by separating the cream or adding cream back. Solids not-fat you cannot standardize except up. You can't reduce. So processors with high incoming solids not-fat were at an economic disadvantage, and that led to several years of work, trying to equalize raw product cost, which we finally did succeed in doing.

Dunning: How did you go about doing that?

Maes: We raised the standards to come closer to the normal or average incoming solids.

Statewide Differences in Milk Supply

Dunning: Would these standards be the same throughout the state?

Maes: Throughout the state. That met with some resistance in Southern California because the milk supply in Southern California came in at lower levels of solid not-fat than in Northern California, so in order to come to a higher level, they would have to add solid not-fat, and that was costly in terms of plant operations and having to buy the product and so forth. But that was what we did: refining it up to the standard for fluid whole milk of 3.5 butterfat, 8.7 solids not-fat, and then we--remember, this didn't happen until the late seventies. We finally modified it further to allow a variation of two-tenths of one percent of fat and solids not-fat and minimum total solids of 12.2 percent.

Dunning: Why do you think there are differences from one part of the state to the other?

Maes: Differences in climate. Cows apparently produce higher levels of solids not-fat in cooler climates. There were some breed differences. In Northern California, we had more Jersey and Guernsey than we did in Southern California. Eventually those Jersey and Guernsey herds were phased out of fluid milk because of their high solids content.

But the climate, breed of cow, rations (what they were fed) made a difference. In Northern California, many herds were on pasture; in Southern California, it was all feed lots. So those were the causes of the difference. We did a lot of studying of incoming solids. Solids go up in the winter and down in the summer. Those were big issues.

Dunning: It's something that Gene Benedetti raised as well. Of course, he was prejudiced. He said the cows in his county, in Sonoma County, produced the best milk in the whole state because they can be on pasture and they don't have to drink as much water as they do in the Valley, where it's really hot, so he thought the flavor was much better, too. He thought the conditions were ideal in Sonoma County.

But the amount of water that the cow has to drink during the day--that really would have an impact.

Maes: It does.

Dunning: Yes.

Milk Contract Provisions

Maes: Another area that got a lot of attention in terms of producer relations was milk contract provisions. Prior to 1969, processors brought their milk to producers on the basis of individual contracts, and in the contract you would specify a guaranteed payment at the highest level of Class 1 usage. Milk above the guarantee was then pooled within the plant, and producers who produced above the guarantee level got a lesser price. Eventually there were three pools: guarantee, contract, and over-contract.

Over-contract was the poorest usage. That was the milk that went to the lowest usage. Usage means the product for which the milk was used, Class 1 being fluid milk, Class 2 and Class 3 being byproducts, such as cottage cheese, cream. Class 3 was ice cream. Class 4 was manufactured products: butter, powder, and cheese at that time.

Dunning: So the producers would get the most money for the Class 1?

Maes: That's correct.

Dunning: Were there some producers that only produced Class 3 or 4?

Maes: At that time, there were some. Many of those were Grade B producers whose milk didn't qualify to be shipped for fluid usage.

Dunning: What would prevent them from being qualified?

Maes: I'm trying to think of an easy version of saying this. The type of facilities they had on the ranches, the quality of their milk in terms of bacteria--it's hard to describe because today it's a difference without a meaning. Grade B has almost disappeared.

Dunning: It's almost all Grade A?

Maes: All Grade A. But basically it was a quality distinction.

There was some abuse of the contract system. Obviously, a producer would like to have his contract all guaranteed, all Class 1 for all of his milk, and in Southern California allegedly, some dairy firms sold contract rights to their producers. The producer would be asked to pay a certain amount in return for having a high guarantee of Class 1 usage.

So contracting was highly regulated. There were extensive legislative provisions, attempting to protect the dairy farmers from abuse.

Dunning: And who oversaw that? Who policed it?

Maes: The Department of Agriculture.

There were other kinds of unfair practices with respect to buying milk from producers. Hauling rates were a contentious issue. Sometimes the cooperatives--

Dunning: Well, if you don't mind, I think I'm going to into some of the fair trade practices? Would this be a good time, or would you like to wait? There practices are all relations between the processor and his producer. The larger field is unfair practices among the processors.

Dunning: Oh, okay.

Maes: These unfair practices between handlers and producers were a major contributing factor to milk pooling, which is the landmark issue.

Sales to the Military and Public Schools

Maes: Another contentious issue during this period was sales to the military. Through a complex litigation and interpretation, military sales were exempt from price regulation. Processors could sell bottled milk to a military base to be resold from commissary at whatever price they chose.

Dunning: At whatever price who chose? The military?

Maes: The processors chose.

Dunning: Oh, really.

Maes: It was awarded by bid. Some processors, in order to compete for this kind of business, would pay their producers the lowest possible price, as low as a Class 4, which is the butter-powder-cheese price. And the cooperatives were active in this area. Their raw product cost in effect was unregulated because they in effect paid themselves, the cooperatives who bottled their own milk. So there was a lot of contention in military sales for milk.

Dunning: All right. Well, that was one of the questions I was going to ask you about, some of the difficult problems regarding the acceptance of price regulations and the pricing and bidding to

public agencies. It seems like the military bid would be very complicated.

Maes: It was.

Dunning: And also the price situation coming from that. Was the bid open to everybody?

Maes: Yes. And finally litigation developed, with the industry, the dairy producers particularly attempting to overcome the doctrine, that price--once milk was delivered on military property, it was unregulated. That went to the [United States] Supreme Court, and I think the Supreme Court upheld the military position that they did not have to pay state-regulated prices.

This was kind of a continuing issue all through the sixties. It came into focus at the end of the period when milk pooling emerged, and milk pooling took that issue out of play.

Dunning: Would there be the same problem in, like, the field of school milk pricing and bidding?

Maes: [no immediate response]

Dunning: Were the producers paid a lot less?

Maes: Bear in mind, during the sixties, the wholesale and resale prices were regulated. The fluid milk price to schools was regulated. In the Bay Area, and I guess throughout Northern California, schools--let me go back. There was another step here. There was price filing. Everybody had to file their prices for milk and by-products five days in advance of any change. So in a bid situation, all the prices would be public. Therefore, all bids could come in at the same level.

So the schools in the Bay Area particularly, chose to allocate. The association played an active role in coordinating. The Oakland School District, for example, got all equal bids. I would visit with them and suggest reasonable allocations between the various processors. Today it sounds like something the antitrust people should be looking at. But with all this regulation, it wasn't that way.

Back then the goal was to develop efficiency of delivery. The Oakland schools, San Francisco schools, and San Jose schools allocated on the basis partly of the volume of the companies that were bidding and partly of developing the most efficient routes, school routes.

School milk was very contentious. Everybody wanted their brands out in front of the kids.

Dunning: It seems like the best kind of advertisement.

Maes: But competitive school bidding didn't emerge until after we deregulated the prices in the 1970s. But school milk was a big issue.

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Maes: There were city and county hospital bids and so forth, but, again, with the structure of the regulatory system, they were not really competitive in the sense of people bidding lower and lower prices. I don't think the public institution area was that competitive so long as resale pricing continued and price filing. It did get a lot of attention.

Dunning: I'll bet it did. And you would be kind of a negotiator sometimes? That would be your role?

Maes: Yes. I think those were the principal producer issues.

Producer Leadership

Maes: I want to mention some of the producer leadership during this period. In the East Bay and the Valley, a gentleman named Al Pollard was very, very active. I think his organization was Associated Milk Producers. In the North

Bay, Gene Benedetti's area, Ray Gambonini was a very interesting producer. Really a good mind. Very inventive.

Dunning: Any details about either of those people? What they would do and what they were like, and how they impacted the business.

Maes: I had a very good, strong, friendly relationship with both those fellows. Al Pollard I remember especially well because he got in after I became manager of the Northern California Milk Dealers. Al used to like to drop by my house on his way to work. He'd come in about seven o'clock in the morning.

Dunning: This is when you were living in--

Maes: I was living in San Leandro. Come by and have a cup of coffee. Our dog bit Al one morning. He handled it very well. He slashed his trousers.

Dunning: Oh, gee! You owed him a lot of cups of coffee after that.

Maes: But Al was a good leader. His attention was on the unfair practice problems and on the inequities between various groups of producers. Ray Gambonini was more of a theoretical person. Ray was a dairy farmer. Al had been, but he got into the association work.

Dunning: Was Ray out near Point Reyes?

Maes: Yes. And both of those names became very significant as we got closer to the end of the decade and got into milk pooling.

Dunning: And so they would represent a lot of producers.

Maes: Yes.

Dunning: In their particular areas?

Maes: Ray was a rank-and-file member of his group which was Consolidated Milk Producers of San Francisco. Ray was just on their board of directors; he was not their manager, but he was very active. He took a strong personal interest.

Dunning: And he understood the issues of the producers since he was one.

Maes: Yes. Well, Al had been a producer also.

Another producer who was fairly active was John Thurmond from Modesto. John is significant because later he was elected to the state assembly, and he was chairman of the Assembly Livestock and Dairy Committee in the 1970s.

Dunning: Were there many people who were producers and processors that ended up going into politics?

Maes: There were several. There's one that's still very active, Rusty Arias.

Dunning: Yes. He's with the state parks.

Maes: Yes.

Dunning: And he's from the Fresno area?

Maes: No, from the Gustine area.

Dunning: Which area?

Maes: Gustine. In his family, his father was the primary dairyman in those days, of course. Then Rusty and his brother took over the ranch, and for some reason they were left without a market, so Rusty called the Dairy Institute, looking for market for his milk. I found him a temporary place to ship, I think to Berkeley Farms. Then shortly after that, he got into politics.

Dunning: I think Rusty was one of the people--when this project of recording people in the dairy industry came into being--he was one of the people initially behind it.

Maes: Right.

Dunning: He thought it was a great idea.

Maes: Back to politicians. In Southern California, Roger Jessup of Jessup Farms, was a supervisor in Los Angeles County. George Christopher, who I think I mentioned previously was mayor of San Francisco, ran for governor but didn't make it past the primaries. I think those were the primary politicians.

Dunning: Rusty made it probably higher than anybody, and George Christopher.

Maes: [inserted by Maes while editing] Jeffery Cohelan who was Secretary-Treasurer of Milk Wagon and Dairy Employees Teamster Local 302 was elected to the U.S. House of Representatives from the Berkeley-Oakland district. After several terms he was defeated by Ron Dellums.

Jeff and I were friendly opponents in labor negotiations and good friends on a personal basis. One summer our families attended Oakland City Camp together at Tuolumne Meadows.

California Political Administrations: Pat Brown and Ronald Reagan

Dunning: Well, another question that someone wanted me to ask you is about the different political administrations in California at the time. Did you find a difference between the Pat Brown and the Reagan administrations in the treatment of agricultural issues?

Maes: Oh, yes.

Dunning: Would you care to elaborate on that?

Maes: The difference was you could communicate with Pat Brown, and he would listen. In the Reagan administration, you couldn't penetrate the bureaucracy around him. You couldn't get past Ed Meese.

Actually, that gets us into a subject that happened in the seventies, the joint venture issue. The industry had a comfortable relationship with Pat Brown. I was not personally involved with that. The Dairy Institute was the leader in that area. Let's see, who followed Pat?

Dunning: Reagan.

Maes: I guess Reagan did follow him, yes. When I went to the Dairy Institute in 1969, we had Reagan; then we got Jerry Brown. So I was certainly not involved politically in the sixties. That was the Dairy Institute's function.

Dunning: Oh, okay. This 1960s period was a time when the one man, one vote decision came down from the Supreme Court. I'm not sure if that impacted your work at all, but some people have said that it effectively ended the ability of agricultural counties to dominate the state Senate. Did you have any experience with that?

Maes: No, not that I'm aware of.

Dunning: Did you find during the sixties there were some problems that arose in trying to keep the dairy and agricultural interests protected?

Maes: [sighs]

Dunning: Was it a favorable climate for dairy and agriculture?

Maes: I think it was. In the first place, we were still relatively distanced from federal regulation, so with our comprehensive pricing program in California, comprehensive regulations, we were almost autonomous. We weren't that concerned about what they did in Washington.

The relationship between the industry and legislators in California was excellent. I think it was a very friendly political climate, throughout the sixties. It became unfriendly in the seventies, at times.

Dunning: Do you want to save that seventies period until the next session?

Maes: The Dairy Institute period.

Dunning: That's the Dairy Institute, yes.

**VIII IMPACT OF CURRENT EVENTS ON THE DAIRY
INDUSTRY: SEPTEMBER 11, 2001**

Dunning: Well, there was an awful lot happening in the world in the sixties.

Maes: Vietnam.

Dunning: The Vietnam War, we had assassinations of presidents and RFK [Robert F. Kennedy] and Martin Luther King Jr. How did that impact the industry? I'm asking that because this is an incredible period of history for us now, with the September eleventh attacks and the talks of bioterrorism. When I was speaking with Rick Michel the other day, he was saying that the dairy industry has taken quite a hit beginning on September eleventh because of the political events, especially in their food service areas. People aren't flying as much, and also people aren't going out to fancy restaurants as much.

Did you find that the Vietnam War and that atmosphere impacted California dairy?

Maes: I don't think so. Certainly the assassination of Kennedy was a compelling event. As a matter of fact, the Dairy Institute was meeting in Santa Barbara when it happened.

Dunning: And you were there.

Maes: I was there. They adjourned their meeting. They had their meeting on the Thursday and Friday, and they had meetings scheduled for Saturday morning. We adjourned the meeting.

But I don't think the Vietnam War or the political events of the sixties had very much direct impact on the dairy industry. Nothing comes to mind.

Dunning: Jumping ahead to 2001, do you see things happening differently now? When we first started your story, you told me about your experiences in World War II. You've been around through--World War II, the Korean War, Vietnam, the Gulf War, and do you see this as being a really different kind of war?

Maes: Well, I do. I have misgivings about it, as many people do. I really wish that our government had waited about a couple of months before they committed themselves to a direction. Of course, the fear and concerns and worries about terrorism are brand new. At least I don't feel comfortable with the position we're in.

The economic issues--I don't know what to think. We were headed for a recession regardless of September eleventh. It's troublesome to me to see the high level of government expenditure going on here. It seems to me we're heading into serious deficit spending positions, which may be inflationary. But anyway, I don't have any control over that.

I don't draw a close analogy between where we are now and where we were then.

Dunning: But it does feel--it feels really different.

Maes: It feels uncomfortable.

Dunning: It feels really uncomfortable, especially with broad warnings and the actions that we're taking.

Maes: What I did notice that's different is the complexity of the government. Almost dozens of agencies involved here, telling us what's going on, what we should be thinking. In spite of the appointment of--who's the governor of Pennsylvania? Ridge. Tom Ridge.

Dunning: Oh, yes.

Maes: In spite of Ridge's appointment, we're getting policy statements from all over, from all directions. I think during

the earlier wars or periods of instability, we didn't have so much of that. We had more of a focused governmental reaction, I think. Those are just kind of personal views.

Dunning: Right. One of the things that we're doing in our office right now, because it's such an unusual time, we've been asked to spend a few minutes with all our interviewees and ask them, well, how are they--it's such an unusual time--how they're feeling about what's going on in relation to their past experiences, and how they're coping personally. And I wanted to ask you if you saw impacts on the industry.

Maes: Well, I'm not close enough to the industry today to really answer that.

Dunning: Gene Benedetti said they're [Clover Stornetta] doing great, regardless. But they're quite local, or not as local as they used to be, but it really hasn't impacted them at this point.

Maes: I would expect that. In spite of Rick's concerns, I wouldn't expect a major impact on the dairy industry.

Dunning: It seems like the dairy industry is going to be called again to support the military. Has the bidding really changed now?

Maes: Yes, it has changed. In the first place, military sales are a much, much smaller percentage of total sales than they were

in the sixties. The military got up to maybe 10 percent of the volume. Today I would be surprised if it was more than two percent. Consolidation within the industry has virtually removed competition. There's just barely enough plants around to serve the schools and the military. I don't know who's serving Travis [Air Force Base] now, but whoever's doing it is hauling milk some distance there. They probably almost set their own price.

There's only one general purpose plant in the whole Bay Area now, and that's Berkeley Farms.

Dunning: As you mentioned, the percentage has really declined from 10 percent to 2 percent.

Maes: I don't think the military sales is significant today, and other types of public agencies. Schools are lucky to get one bidder.

Dunning: Right.

Maes: For a Bay Area company to go down to Santa Cruz and the Monterey area and service schools is a fairly high-cost operation, so there's not that much competition.

Dunning: Well, that was just a little detour, but it seemed important.

At this point in your career, did you have to ever speak to the legislature, or did that come with the Dairy Institute?

Maes: During this period, I worked with the Dairy Institute a great deal. The Dairy Institute relied upon me and upon a gentleman named Martin Blank in southern California to provide economic input when it was appropriate. I don't recall whether or not I appeared before committees during the sixties. I probably did not.

Dunning: That was more when you started at the Dairy Institute.

Maes: Right, although I did spend a fair amount time in Sacramento. In fact, there was one period when the Dairy Institute was short of--needed assistance in developing some issue or other--I can't remember what issue--and I went up and lived in Sacramento for about a month, working with the Institute.

Dunning: So you were on loan.

Maes: Right, but I was not really active politically or legislatively, except through Dairy Institute. I did go to all Dairy Institute meetings.

Dunning: And would they meet once a month?

Maes: No, they had two big annual meetings, spring and fall meetings. Then the Dairy Institute cost committee met as needed, but sometimes five or six times a year. I was on that committee.

**IX PERSONAL ACCOMPLISHMENTS: NORTHERN
CALIFORNIA MILK DEALERS ASSOCIATION**

Dunning: Now, are there particular things that you did during your tenure with the Northern California Milk Dealers Association that you're particularly proud of or that you thought was an accomplishment, a big accomplishment?

Maes: I mentioned the product standards and component pricing. I felt good about our ability to work with producers and the Department of Agriculture, and I felt that we ended up with a very good program. I think the work we did during that period on resale pricing, which was my dominant function, aimed at preventing or solving problems. I was instrumental in working with the industry to develop quantity discounts, drop shipment pricing.

Dunning: You spoke a bit about drop shipment. That basically came in in the late fifties?

Maes: Started in the late fifties.

Dunning: And it never stopped.

Maes: It didn't stop. It was reflective of a transition from small grocery stores and small processors into larger grocery stores, chain stores, and changing plant technology, and the decline of retail home delivery. The chain stores--

Dunning: Like Safeway, Albertsons --

Maes: Safeway, Albertsons--Lucky's, at that time--Lee Brothers in the Bay Area, Ralphs, in Southern California, and Vons could choose to remove themselves from the price regulations by developing their own processing plants, and that trend was fairly strong in the sixties. The vertically integrated firms were Safeway, Lucky's--when it built its plants in the early sixties; Ralphs was always vertically integrated; Vons was always vertically integrated.

Then in Southern California, Certified Grocers went into the milk processing business to serve their larger members dairy products. So there was an effort by the rest of the industry to somehow stabilize, and the quantity discounts and drop shipments were a step in that direction.

I mentioned technological change.

Dunning: Can I just get back a little bit? With the vertically integrated stores they built--they had their own processing plants.

Maes: Right.

Dunning: Was that the same time that branded operations like Foremost and Arden Farms and Knudsen started disappearing?

Maes: They weren't disappearing, but they were struggling to protect their market.

White Milk Plants

Dunning: Right. They were very small compared to the chains?

Maes: Well, in total volume they weren't. Foremost was large, Borden's was large in Northern California, but there was a difference between what we called a white milk plant, a plant that just processed milk in quarts, half gallons, and gallons, and a multi-use plant, which processed for restaurants, schools, institutions, and grocers.

Dunning: But they basically just did the milk, the quarts--

Maes: The white milk plants were much more efficient. So part of the response to this was to deepen the discounts to grocers. There was a lot of attention focused on grocers' margins. The state pricing program allowed a reasonable return to processors and then set the minimum out-of-store price at a reasonable markup for the grocers. The grocers would have liked to have been allowed about a 30 percent markup. The Department of Food and Agriculture allowed them about 18 percent, so grocers who wanted more margin had the option of vertically integrating. So there was a struggle all through the sixties to find stability in dealing with the large buyers. Through the price hearings, Northern California Milk Dealers would attempt to formulate proposals that would keep our members competitive through the drop shipment and quantity discount program.

Meanwhile, there was all this technological change going on, including the introduction of plastic containers. Plastic jugs.

Milk Depots, 1960s

Maes: I've got to mention another thing--we had a lot of problems in the sixties. Milk depots were a big problem.

Dunning: Milk depots?

Maes: Milk depots. A milk depot would be a little processing plant who would make cash-and-carry sales. People would drive in and pick up their milk. You still see a few of them around here and there, but they blossomed in the sixties. Because they had no delivery expense, they made a case for a minimum price at some level below the grocery store price, and they attracted significant volumes of milk. Of course, my members were very concerned about that. These depots were competing with grocery stores.

There was one particular gentleman named Herman Wadler, who had been a milk depot operator in Chicago, and he came to California, and he really thought he saw a way to exploit the California milk pricing program. One of his techniques was to add a few drops of chocolate to the milk.
[phone rings]

Dunning: Let me put it on pause.

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Dunning: Herman Wadler.

Maes: Herman Wadler would add a few drops of chocolate to whole milk and then would contend it was not regulated since the

state didn't regulate byproducts, so that got him into court. I think the department won that case. But there were a lot of depots--

Dunning: And where was he? Where was that depots?

Maes: Northern California, headquartered in Modesto, but he had depots scattered all over Northern California.

Dunning: Oh, so it was like a chain of depots?

Maes: Yes.

Dunning: Oh, boy.

Maes: He was one of many.

Dunning: Do you think the atmosphere was just ripe during the sixties for that?

Maes: Well, it was sort of an outgrowth of price regulation. People were constantly trying to find ways to capitalize or find loopholes in the pricing system, and this was one method. There were legislative hearings on the depot matter. To answer one of your earlier questions, I probably did appear before the Assembly Livestock and Dairy Committee to discuss the depot issue.

The industry--my members were maintaining that the differential between the depot price and the out-of-store price should be fixed at a fairly small level, and of course, Herman Wadler would have liked it to have been totally unregulated.

Today the problem doesn't look as big as it did then.

Dunning: But you said there still are milk depots.

Maes: There are a few.

Dunning: Any examples?

Maes: In Southern California, Altadena still has several. You had one or two in the Bay Area. Royal Jersey Dairy had a depot out in the Richmond area, and there was another one down in Hayward, but those depots, to survive, got into some school milk sales and other types of delivery.

Dunning: Would their customers be mostly local people?

Maes: Yes. On their way home from work--

Dunning: Would stop and get a quart of milk. Where would their producers be?

Maes: Wherever. In some cases, producers--the Valley would open depots in the Bay Area to market their own milk. They were getting all-class I for that milk.

Transitions in Technology, 1960s

Maes: The sixties were certainly transition years technologically. All new plant facilities were highly automated, and the efficient levels of plant processing were getting into higher and higher volumes. At one time, a plant that processed 10,000 gallons a day was considered efficient. By the end of the sixties, that number was up around 30 or 40,000 gallons. And today 120,000 would be more like it.

I mentioned containers were changing. The plastic jug was coming into place, accompanied by in-plant blow-mold operations, where you make your own plastic jugs. That became more and more prevalent.

I'm trying to think of what else. Home delivery was fading. Processors attempting to retain home delivery began to contract with owner-operators who would run their own retail routes out of the plants. That kept it going for a while. There

is still a little bit of home delivery. We had one that comes through here.

Dunning: Oh, really?

Maes: Yes. I really admire him.

Dunning: Do you have any milk delivered here?

Maes: No.

Dunning: You're not part of that route. That's really something.

Maes: Yes. A Crystal Creamery sub-distributor--Marshall Rice.

Dunning: You mentioned the advances in automated facilities. Could you talk a little bit about that: the pluses and minuses and where the developments came from. Did they come from Cal Poly or UC Davis? How did you see that?

Maes: I think the technology came from the equipment manufacturers primarily. They got filling machines that operated at very high speeds. I just mentioned the blow-mold.

Dunning: What is that again? I mean, I know what it is, but how do you generate the blow-mold?

Maes: A blow-mold room in a plant is a large room with plastic feeding down into a machine that produces the jugs. Then you have to move the jugs up on a conveyor up to some place where you store them till you fill them. Prior to that, the jugs were produced by a central manufacturer, who would sell them to the processors. They'd have to put them into the warehouse, pick them up, and bring them back to the plant. So plastic jug processing became more and more efficient, more competitive with the Pure Pak container, so that today, I suppose, 70 percent of the volume is in the plastic jug at the store.

Dunning: And the glass, except for, like Straus Organics--they use the glass but that's--

Maes: That's obsolete.

Dunning: That's really the exception.

Maes: That is, indeed.

Dunning: And do you think Straus is one of the few left that do that?

Maes: Yes. There may be one or two others. I don't know. I guess the Dean Foods' chug is sort of like glass.

Dunning: Although it's not reusable.

Maes: The other transition going on here was consolidation of firms. That trend really takes hold after milk pooling begins in 1969.

Dunning: Well, maybe we can save some of the consolidation for next time, unless you want to start.

Maes: No, I think we can save that.

Dunning: Okay, after 1969. Well, let's see, I'm going to refer to this dairy industry time-line, and it's as related to the government, and since we're doing sixties, we talked a little bit about the AB-2742 and then the 1965 Classified Pricing for Manufactured Products begins, and you talked a little bit about that.

Maes: Yes.

Gonsalves Milk Pooling Act

Dunning: And then in '67 it was the Gonsalves Milk Pooling Act, which established a statewide pooling of producer revenues, using a system of quote, base, and over-base. Was that the biggest?

Maes: That's the major event in raw product marketing, major event of the half century.

Dunning: Would this be a good time for you to tell me as much as you can about it?

Maes: Yes, I can try that.

Dunning: Okay.

Maes: It sort of ties into what we've been discussing about producer relations. The amount of alleged abuse by processors purchasing milk from producers had grown. Meanwhile, at the federal level, all milk was pooled. Pooling means that the governmental agency received reports on milk receipts by processors and milk shipments by producers, and all of the milk goes into a pool, and payment to the producers is made from the pool, not by the processors individually. Processors do handle the accounting, but the prices paid to the producers are through the pool.

This has been prevalent in the federal system since about the 1930s. California had maintained the contract system which I described earlier. Producer leadership in California was getting increasingly uncomfortable with what they saw as a potential for abuse. I mentioned the selling of contract rights, hauling rates--the cooperatives, in order to get

customers for their milk and get higher Class 1 usage would offer to pay the processor a--let's see how to express this.

I should back up. The processors were hauling their own milk, and they would charge the producer an established haul rate for that hauling. They'd pick it up at the ranch but the milk was sold f.o.b. [point of purchase] plant, so the co-ops would offer higher payments for hauling to the processors who picked up their milk from the co-op members.

One practice I was aware of in Northern California: One processor formed cooperative relationships between its buyers, a supermarket chain, and its producers so the chain could participate in some of the profits from the dairy farm. So there was some abuse.

Another example was in Southern California. Arden Farms formed its producers into a cooperative, and the cooperative voluntarily paid for a portion of Arden's advertising expenses, which was viewed by some as another way to evade the minimum price. I should add that at this time, price levels were set by hearings that were held either by petition or by determination by the Department of Agriculture that, the milk supply was out of balance with demand.

So in about the mid-1960s, my members and the Dairy Institute members, were concerned about producer unrest

and the possibility that there would be a move toward pooling. Southern California processors particularly really opposed the idea of milk pooling. In Northern California we were kind of mixed. Some of our members thought it was probably a reasonable response to what was going on in the marketplace, and there was no strong opposition to the idea.

The primary developers of the pooling concept were a man named Russell Swenside of Southern California, and Al Pollard in Northern California, with Ray Gambonini being Al's first lieutenant. Meanwhile, Dairy Institute was trying to modify the contracting provisions to make them increasingly fair to the producer interests, and with some success. I was very active in this area.

So finally the pressure for pooling began to come into focus, and Joe Gonsalves, whom we should have mentioned as a producer who got into politics--

Dunning: Okay, he's Joe Gonsalves.

Maes: Yes. He was an assemblyman. He was from Southern California. I think he was elected from a Southern California district. It seems to me that his family had been milk producers I think in Southern California. I'm not sure.

Dunning: Is he still alive?

Maes: He died about six months ago. His son is still alive. His son is a lobbyist, Anthony Gonsalves. I think he had two sons, but Anthony is the one that carried on Joe's lobbying business.

So Joe introduced legislation to establish a milk pooling act. The Milk Pooling Act was a very complex piece of legislation, probably about thirty or forty pages. The underlying concept, one that Russell Swenside really believed in, is it would pool all the classified usage and pay back to the producers on the basis of their history of production for Class 1. That was to be called quota.

Initially, every producer in California, 2,400 of them, would be issued quotas reflecting Class I usage at 87 percent of their total production, so if a producer came into the pool at 87 percent, and he kept his production stable, he would get 87 percent Class 1. That sound impossible today, when Class 1 is about 30 percent of total production, but it was closer to 87 percent in 1967.

They also built into the pooling act the concept that the quota would have value: you could sell it, and its value would be based upon the difference between getting Class 1 for your product or one of the lower classes. Those differentials might be as much as one to two dollars per hundredweight of milk.

Dunning: Of course, though, everybody wanted to get Class 1.

Maes: Right. In fact, Swenside and Pollard believed that all producers would be eventually equalized on the basis of new usage, growth in the population, growth in usage and that eventually it would get up to 100 percent of their quota as Class 1 usage. Dairy Institute vigorously opposed this. Northern California Milk Dealers was neutral. We took no position, although some of our larger members--

Dunning: Were you trying not to offend anybody or did you feel neutral?

Maes: No, we sincerely felt that the contract system was in trouble, and leadership for neutrality or even support came from Foremost primarily, but our board of directors elected not to take a public position. Actually, Dairy Institute was a legislative group anyway, so our position was not to oppose and to actively participate in the development of the legislation and the regulations that would follow. That's what we did. So we were trying to protect our members' interests in terms of how the program would be developed and administered, but not in terms of opposing it.

Dunning: Was the California Milk Pooling Act very different from other national programs?

Maes: It was based upon a federal order pooling programs, and it made some significant changes in how milk was marketed. For example, prior to pooling, a processor paid for his

producer's Class 1 usage on the basis of where the milk was sold. We had all these different marketing areas, and you would account for the milk on the amount sold in each of the various marketing areas.

Under the federal program and under the California Milk Pooling Act, you paid for the milk on the basis of the price at the plant of first receipt. The first plant to receive it determines the price to be paid. It was a different concept.

Ideas like this were quite acceptable to my members. We could live with that. It focused more attention on area price differences. The act was enacted in 1967 and then took about two years to develop the orders, so the first pooling plan became effective in 1969, I think. I have it right in here.

Dunning: Yes. And this was a mandatory system.

Maes: Yes.

Dunning: Did people try to get out of it?

Maes: There was no way out.

Dunning: No way.

Maes: It solved a couple of problems. It solved the military problem immediately.

Dunning: Because everything was standard pricing?

Maes: The milk was pooled, and you couldn't underpay some of your producers on their military milk. The processors paid into the pool on the basis of their usage classification, and the producers were paid by the pool on the basis of their quota, base and overbase production.

Dunning: So do you think it was more fair for the producers?

Maes: Yes, I really do. The contract system was too easy to abuse, finally. But the great surprise was the producers didn't get equalized like they thought, because the volume of milk produced for other than Class 1 took off dramatically.

Future in Cheese Products

Maes: Something else happened in the sixties. The producers formed the California Milk Advisory Board.

Dunning: That was the first time, 1969? The California Milk Advisory Board [CMAB].

Maes: Gordon Ruehl was the fellow that put that together. For reasons that I've never quite understood--well, there's one underlying force here that Ruehl was aware of. California dairy farmers, being the most efficient in the United States if not the world, kept expanding their volume. There was no holding it back. Their production per cow was the highest in the country. They had almost ideal production climate. Grew much of their own feed. CMAB began to promote cheese. Cheese was the lowest usage, but CMAB, I think in response to the pressure for growth, decided California's milk market's future lay in cheese.

Dunning: Before that time, people didn't eat cheese very much?

Maes: They ate lots of cheese, but it came from Wisconsin.

Dunning: Cheese wasn't at all big in California.

Maes: California cheese was not big.

Dunning: There were a few cheese companies, like the Viviani family's Sonoma Cheese Company.

Maes: Small companies, right.

Dunning: --and some other ones that had been going on for seventy years, but that was unusual.

Maes: That was it.

Dunning: It was a specialty.

Maes: And then in the sixties--Gene Benedetti must have talked to you about Leprino cheese.

Dunning: I don't think he did. Leprino?

Maes: Leprino. Gene had a strong connection. Leprino is the leading mozzarella manufacturer in the world, headquartered in Denver. They wanted to start operations in California, and they came to Petaluma Cooperative Creamery. Petaluma then entered into a joint venture with Leprino and built a plant at Tracy.

Dunning: As I said, we don't get the whole story from everybody, so this will be good. It'll supplement Gene's.

Maes: That was the first really large out-of-state cheese--

Dunning: Really? And that was Leprino? So Petaluma Co-ops opened--

Maes: They opened a plant for Leprino in Tracy. In return, they had an exclusive supply contract with Leprino. Since that time, Leprino has grown enormously in California. They're very large. I'm told they're the largest. I'm not sure.

But anyway, Swenside's dream of equalization didn't occur because milk production kept growing, and there was more and more milk, over-quota milk, and today the amount of milk over quota--really, there are three levels: quota, base, and over-base. Base was what the producer came in with in 1969, quota was its highest usage, and over-base was excess production.

The over-base price primarily reflects usage for the lower usage: butter, powder, cheese. [pauses] I'm trying to articulate where the new production went. The new production was over-base. Many producers ended up with what they call low blends. The quota would be a relatively small percentage of their total production, and the Class 1 usage, which is now down to less than 30 percent, really all goes into quota, and there's still enough differential between quota prices and over-base prices that producers buy and sell at quota, large sums.

I don't know what else to tell you about.

Dunning: Did George DeMedeiros cite--as you know, I wasn't able to interview him because he was very ill and died, but the thing that I hear connected with him most often is that he was really responsible for getting Class 1 usage to more of the producers. Do you anything about that story? A lot of people felt that was his big contribution.

Maes: He did a great job for his members in the creamery. He made contractual arrangements. The biggest move he made was with Lucky Stores. I'm told the DCCA helped finance the Lucky Store plants, and it also gave Lucky Stores some facilities within his plant, so he had exclusive rights to sell milk to Lucky Stores in Southern California, to their two large plants down there. He had other large buyers. He shipped a lot of milk from Tulare into Southern California.

And the pricing system down there was partly developed--

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Maes: Martin Blank was a private economist whose clients included the Southern California Dairy Association and also included most of the cooperatives in the south valley, including the DCCA. So through Martin's and George DeMedeiros's efforts--the Southern California processors and producers were active in developing raw product pricing provisions.

For example, the Class 2 and 3 prices for byproducts were set at a differential in Southern California which encouraged their production up in the valley. Instead of shipping the whole milk south, you'd ship the byproducts, finished products. DCCA was a large manufacturer of those finished byproducts. And DeMedeiros did an excellent job. He was very capable but a tough guy to deal with.

Dunning: Was there much movement of California dairy products outside the state at that time?

Maes: Relatively slight at that time. Las Vegas was developing, so fluid products were being moved into Nevada. It wasn't easy. Nevada also had milk price regulation and lots of restrictions. They really didn't encourage out-of-state products. But finished products--butter, powder--there were lots of butter-powder sales to the government, and the cheese industry was gradually but inevitably growing, and the milk production kept climbing.

Somewhat disappointingly to the producers, the Class 1 usage did not grow in absolute terms. It only dropped in percentage, but in absolute terms it was very stable. Increased population was offset by reduced per capita consumption.

Dunning: So people weren't drinking as much milk. They weren't drinking milk three times a day.

Maes: There was also the continued upward trend for usage of lower-fat products.

Dunning: Did that come in in the sixties?

Maes: It started a strong, steady, upward movement. I don't recall the statistics.

Dunning: And now it seems like it's a huge market.

Maes: Now the largest lower-fat products--

Dunning: Right. We have the skim, the 1 percent, the 2 percent, the whole milk, and there's the extra-rich milk, although you don't see that too often.

Maes: It's almost gone. If you think back, in the sixties we had all Guernsey milk sold in a bottle, but now the low-fat products have taken over.

Dunning: How about products like yogurt?

Maes: Yogurt growth was a national phenomenon, but very strong in California. Yoplait and Dannon were two of the large manufacturers, both national firms that came into California.

Dunning: I remember the big movement in the late sixties and the seventies, making your own yogurt.

Maes: Yes, and then frozen yogurt came along.

Dunning: Yes.

Maes: Do we have a little space left?

Dunning: Yes, we do.

Dairy Leadership

Maes: If we have a little space left, I meant to talk to you a little bit more [rustles papers] about the structure of Northern California Milk Dealers, right in the beginning, when they were formed. We took in all the plants in Northern California. The only non-members at that time--the only non-member I can think of was Safeway, and we had a friendly relationship with them.

Some of the leadership of Northern California Milk Dealers. Foremost: Pete Zinsli was the Northern California region manager, and Henry Cornelius, who followed Pete. At the Borden Company, Roy Lamb was their regional manager. And from Carnation Company, Fels Matheney and Ross Mainwaring.

Gene Bendetti was from the Petaluma Co-op. He formed Clover-Stornetta in the seventies. I recall he came up to see me to kind of pick my brains as to whether it was a good idea. I told him to go for it. Vern Hansen and Kenneth Hansen, both at Crystal Creamery, both were strong leaders.

Dunning: Was there a third Hansen brother? Gerald?

Maes: Gerald.

Dunning: And was he involved as well?

Maes: He was more involved with plant operations.

Then there was Larry Shehadey from Producers Dairy. Larry is the founder and the senior.

Dunning: Right. And isn't he in his nineties now?

Maes: About ninety-six, I guess.

Dunning: Do you think he would be a good person to interview--have you talked to him in years?

Maes: Good luck.

Dunning: Oh, okay. Difficult to talk to?

Maes: Hearing is bad. You can try. You might try a short interview with Larry Shehadey.

Dunning: I mentioned him, and no one said anything.

Maes: His son, Richard, is very active now. Richard has been active in the company for thirty years.

Dunning: Often you can get a really good perspective of both the generations.

Maes: Right.

Dunning: He may remember more than his dad.

Maes: A little short interview with Richard and his dad, to kind of feel them out may be a good idea.

Dunning: Yes.

Maes: They have been kind of on the outs with the industry. I guess this [the tape recorder] is still on.

Dunning: Yes. Okay. Well, maybe that's why everyone didn't say yes, we should do them.

Maes: John Santana of Peninsula Creamery in Palo Alto was a good leader, was president of both the Northern California Milk Dealers and later of Dairy Institute.

John Fitzpatrick, Sr. and Jr., from McCall's Dairy in Redding.

These people were all leaders. They were all friends.

Dunning: Anybody that particularly stands out that you'd like to discuss?

Maes: No. I think not.

Dunning: Okay, that's fine. I think I have enough on Gene Benedetti anyway.

Maes: Did Gene tell you about our adventures in labor negotiations?

Dunning: He told me an awful lot, but people choose what they really want to focus on, too. If you have a labor relations story, that'd be great.

Maes: Well, we dealt with a fellow named Bill Grammi, who was a Teamster business agent, with an office in Santa Rosa. The reason Gene and I were together was that Gene's primary labor contracts were with Grammi, covering the Petaluma Co-op, and our members--Borden's and--I think Borden primarily--had plant facilities in the North Bay, so I would go up there, representing Borden's, Gene and I.

Grammi was an interesting guy, kind of a radical labor leader but a fellow Gene and I grew to like. He was reliable. His word was good. Then after a session, Gene would insist I come to his house for dinner. I recall at least one occasion, maybe two, when I shouldn't have had martinis with Gene! Should never have driven home!

Dunning: You had a long drive, too.

Maes: It's still vivid in my memory, Petaluma to San Leandro.

Dunning: Oh, boy. Was he in the house in Cotati at the time?

Maes: Yes, he had moved to Cotati. Before that, when he was still at Petaluma, our families got together two or three times: his six kids and our four kids.

Dunning: Because they were about the same ages?

Maes: Yes, they were sort of interlocked, right. So we were good friends, and still are.

Dunning: Well, he was pretty excited that I was interviewing you, and when I brought his transcript up the other day, his son, Dan, came into the room, and Gene said, "You know, Judith is interviewing Larry Maes." And Dan said, "Great!" He said that's going to be a different interview than the interview with his father, and I said, "Yes, it is different, but he has a lot of good information, and it works out."

Maes: Those were a busy nine years for me.

Dunning: Yes, it seems so. It really seems so.



Dairy Institute dinner, Claremont Hotel, 1955. L-R: Jeffrey Cohelan, Secretary-Treasurer, Milk Drivers and Dairy Employees Union, Local 302; Jim Conaghan, Manager of Alameda County Milk Dealers Association; Dr. Milton Chernin, guest speaker, Dean of School of Social Welfare, UC Berkeley; Larry Maes, Assistant Manager of Alameda County Milk Dealers Association; George Hunt, Business Representative, Local 302.



Larry Maes, Captain Quartermaster Corp, Camp Maxey, Texas, 1944.



The Maes family, 1954. Bottom, L-R: Connie, Bruce, Judy; top, L-R: Avis, Pat, Larry.



Avis and Larry Maes, 1992.

Work with John Kaczor

Maes: And John Kaczor became increasingly invaluable. He has a good mind.

Dunning: Did you recruit John?

Maes: Yes.

Dunning: Out of UC?

Maes: Yes. He didn't know a milk cow from a nanny goat when I hired him.

Dunning: How did you happen to hire him?

Maes: I hired him just like I got hired. I went through the UC placement center, and he had just gotten his master's degree--his MBA, I think. Yes. I don't recall--he may have been my one and only interview. I'm not sure.

Dunning: You hit it off right away.

Maes: Right. And he was a good learner. Terribly busy period for me. I had these groups scattered all over Northern California--when we organized, we retained the local structure. We still

had Alameda County Milk Dealers, San Francisco Milk Council, Santa Clara County Milk Dealers, Central Valley Dairy Association, and we also got into meetings in Sacramento.

I remember a big ice cream price war, when I was up here every few days, between Crystal and Foremost and Borden's. Finally they decided to sell at least at cost or better. I made trips to Fresno, where there were still lots of hearings in those days. At least in the earlier years, the mid-sixties, I was still doing all of the hearing testimony, but John was helping.

I was more and more involved with Dairy Institute on the economic side because of the activities. Then after the Pooling Act was enacted, John and I both spent lots of time working with the producers and the Department of Agriculture on the pooling orders that would follow the Pooling Act. We were interested in protecting the interests of our members under the pool.

Now, again, there's sort of an overlap between Northern California and Dairy Institute, but the Class 1 price was still area by area, of course. We were concerned about reporting requirements, the accounting requirements. We wanted advanced notice of price changes. We were quite successful in that.

Dunning: Well, it sounded like you and John had a full plate.

Maes: We were busy. And then when I moved to the Institute, John stayed in Oakland and managed the Northern California Milk Dealers, which by then had become the Northern California Dairy Association, I think.

Dunning: I think before we get into anything else--I think we're just about finished for today, but we covered a lot of ground.

Maes: A lot of stuff.

Dunning: There was a lot of material. As I said, I had a lot of questions, but I think many of them were answered. I'll go over some of my notes when I go home, too, and maybe if something comes to your mind about the sixties period that we didn't cover, the next time we'll do a short review, if there's anything you'd like to add. So it looks like next time we'll start with--I'd actually like to hear a little bit more about the establishment of the California Milk Advisory Board. That was late sixties.

Maes: Right.

Dunning: And then we'll go into your work at the Dairy Institute.

Maes: Okay.

Dunning: And all the legislation and all that good stuff.

Maes: Okay.

Dunning: Anything you'd like to add today?

Maes: No. Way back, I should have mentioned--I mentioned the ice cream groups.

Dunning: Yes.

Maes: The ice cream manufacturers had hired two managers, Harold Sloan, who had been the Ice Cream Manager for Foremost Foods until he retired; and then Noel Diamond followed Harold. And then when the Northern California Milk Dealers formed, we also absorbed the Ice Cream Association, so it disappeared. After you shut that off, I'll tell you a little bit more about the Ice Cream Association.

Dunning: Oh, jeez. These are the stories I hate to turn the tape recorder off for, the good stories. But I will.

Maes: The problem the Ice Cream Association had: it was hard to do anything legal. Their primary reason for being was to attempt to stabilize the price structure. What else was there to talk about? And so we had some meetings, which in retrospect--

their only basis for their survival was that they were surrounded by regulations: the Unlawful Practice Act.

My other fond memory of them was there were about five-- the meetings were very small. There were only about six big manufacturers, and they all smoked cigars.

Dunning: Did you smoke a cigar?

Maes: No. I quit smoking in 1954, I think.

Dunning: Good decision.

Maes: Yes. In fact, we were in the middle of labor negotiations. I just quietly quit. I think this was when one of the first medical information linking cancer to cigarettes came out. It scared me into quitting.

Dunning: Well, it was a legitimate scare, and you had four children to raise, and a wife.

Okay, well, this time I really will turn it off.

Milk Stabilization Plan, 1950s-1970

[Interview 4: November 29, 2001] ##

Dunning: Today we are going to focus on your work at the Dairy Institute, and I'm wondering if you could give me a little background on how and when you started work at the Dairy Institute.

Maes: I actually began my employment with Dairy Institute on April 1st, 1969. A series of economic events led to that employment. I want to comment briefly first on the milk stabilization plan that had been in effect from the early fifties up until 1970. This was a fairly sophisticated plan for stabilizing fluid milk processing and distribution, unique to California. It established minimum prices for milk at all levels: dairy farmer, wholesale purchaser, consumers.

It rested on detailed cost audits conducted by the Department of Food and Agriculture, and the concept was there should be a reasonable return to efficient processors. The minimum prices also were the maximum prices. Industry is so competitive that everybody sold at the lowest price that was allowed. The program was effective. In relation to the rest of the United States, California had among the lowest milk prices.

But stresses were developing. One was vertical integration, which means that grocery store chains would go into their own processing business.

Dunning: Life Safeway, Albertsons?

Maes: Safeway. Albertsons surprisingly never did.

Dunning: Oh, really?

Maes: Later, Lucky Stores. In Southern California, Ralphs, Safeway, Jerseymaid (for Vons Markets), Alpha Beta Certified Grocers were vertically integrated plants. This caused some stress. The conventional processors were being gradually closed out of the supermarket business. One response came from processors who kept advocating deeper discounts, longer margins for their existing grocers. But the most significant response was by the Knudsen Company, who developed a concept that they referred to as joint venture. In effect, they made their grocery store customers partners in their processing and distribution system so that they would get dividends from Knudsen, which netted a price lower than the established minimums.

Todd-Knudsen Controversy

Dunning: A number of the dairy advisors told me to ask you about this big controversy, the Knudsen-Todd crisis. They said there was a real problem in the industry when Knudsen wanted to get rid of the wholesale milk law? If you could elaborate, there seems to be a lot of interest in this story.

Maes: I don't think we can cover all of it. It would take the whole two hours to cover it all. There were a couple of companion events. They sort of went hand in hand. The second big event, of course, was the advent of milk pooling. The Gonsalves Milk Pooling Act was enacted in 1969, in the midst of the joint venture controversy.

Meanwhile, the Northern California Dairy Association had been instrumental in challenging the Knudsen-Todd joint venture matter legally. We petitioned for an administrative hearing by an administrative law judge, and obtained a favorable ruling. Knudsen responded by challenging the law judge's decision, and the matter went to the Superior Court of Los Angeles. But that was a couple of years down the road.

One other thing happened. The Borden Company, who had been a very strong presence in Northern California, suddenly withdrew from the California market.

Dunning: Completely?

Maes: They simply announced--one morning I got a phone call from their general manager. He said he'd like to have lunch with me. We met, and he said, "We are leaving the market the first of next month." And they simply left, simply closed it down.

Dunning: Throughout the whole state.

Maes: Throughout the state. Closed about four milk plants, a couple of manufacturing plants. They turned over part of their business to Knudsen, simply handed it to them. There may have been compensation. So all this was fermenting.

Dunning: And can I just backtrack a little bit? What reasons did Borden's give you for leaving California? That luncheon meeting you had. Sounds like you were probably pretty surprised.

Maes: Well, I think their primary reason was one that was being experienced by all the national companies. They had not replaced their plants, not updated them. The new investment that it would take to modernize their facilities was such that their stockholders or their board of directors and their president were not willing to make that kind of investments. Vertical integration of grocery chains may have been another consideration.

Foremost went through pretty much the same thing when they merged with McKesson. It happened gradually. They had been living off their depreciation, and they had not replaced their plants. The independent firms, on the other hand, tended to plow their money back into their plants and facilities and were doing quite well.

As the joint venture developed, it became fairly apparent, I think, that Dairy Institute, through its manager, had been a liaison for Knudsen with the Department of Food and Agriculture, and particularly with the governor's office. So at one point--

Dunning: And who was the manager at the Dairy Institute?

Maes: Bob Beckus. Bob until a few months ago lived right across the fairway here. Bob had been their executive director for about ten years, I would say. I worked closely with him. He was primarily a lobbyist. He was not an economist. And in December of 1968--that's right--Bob announced that he was resigning from Dairy Institute and was going to take a position with Knudsen.

Bob's assistant had been John Gilmore, who had also been a lobbyist. John was appointed interim executive director, and he was supported by Emil Steck. Emil's a well-

known figure in the industry. He was Dairy Institute's attorney starting in 1950.

Dunning: Okay, so he has a long history.

Maes: Representing the Dairy Institute. He was in court when Safeway attempted to stop administration of the milk stabilization program at resale. There was a big lawsuit. Emil had been with Dairy Institute from that time forward.

Dunning: So he was actually employed by the Dairy Institute as their legal counsel.

Maes: He was retained as their legal counsel, with an office in Pasadena, but he really, through his continuity and his history, was a strong element in the Dairy Institute.

X EXECUTIVE DIRECTOR OF DAIRY INSTITUTE, 1969

Maes: So April 1st, 1969, I was appointed executive director, and John Gilmore continued with the Institute as assistant executive director and lobbyist. Emil continued as the legal counsel. We kept the same secretary, and our office was at 11th and L Street in Sacramento.

Dunning: Did they solicit you for this position?

Maes: They did. They had a couple of members who contacted me and asked if I would be willing to do it.

Dunning: Were you still with the Northern California Dairy Association?

Maes: I was with the Northern California Dairy Association.

Dunning: Was it a hard decision for you to make?

Maes: No, it seemed so logical with what was going on economically at the time.

Dunning: Where you were moving.

Maes: Because pooling was also a very big element here. The pooling law had been enacted, but the plan had not been developed, and there weren't many people familiar enough with producer pricing programs on the processors' side to step in and work with the producers on the pooling plan.

Of course, I had been involved directly in the Knudsen-Todd matter, as the Northern California Milk Dealers were contesting the program.

So I started on April first. Oh, then Knudsen, of course, resigned from the Dairy Institute. Knudsen had been the bellwether company in the Dairy Institute historically.

Dunning: They left at that time. They left when you came in?

Maes: Yes. One of their chief executive officers, Bob Osborne, had been president of the Dairy Institute for, oh, a number of years. Prior to my coming to the Dairy Institute, they didn't rotate their presidents. Presidents lasted a long time.

Dunning: Kind of like the Pope?

Maes: Right! So Bob Osborne had been president and was past president.

Dunning: When you arrived at the Dairy Institute, what kind of shape was it in? How would you describe it?

Maes: It was in good shape. There was nothing wrong with it. There was a little taint of Beckus having apparently worked for the interests of a single member, and when he announced that he was going to go to work for Knudsen, it sort of tied that down. But as a matter of fact, he never did go to work for them.

Dunning: Oh, he didn't.

Maes: He set up an independent lobbying firm in Sacramento, with a partner. I can't remember the partner's name, but it doesn't matter. And he developed a couple of dairy clients, I believe, including Knudsen, but his job did not develop.

The principal for Knudsen who developed the joint venture was an attorney named Robert Vaughn, and for some reason he did not provide employment to Beckus. Vaughn was a very capable man. He's still alive. Very formidable opponent.

The litigation on the Knudsen-Todd matter didn't finalize itself until the spring of 1974, I believe.

Dunning: That sounds about right, five years or so?

Maes: Judge Loring in Los Angeles.

Meanwhile, we found a lot of resistance from the Department of Food and Agriculture. Knudsen had done its job in the governor's office. I'm just looking here [at notes].
[Pause as he turns pages]

Dunning: It looks like you're checking through some notes.

Maes: I'm just trying to keep this in sequence. Yes, I am.

Consumer Activists

Maes: Concurrently with all this activity, the consumer activists had become a real problem in the dairy industry. The pressure was coming from two sources, probably interrelated. The Berkeley Food Co-op resisted the concept of a minimum milk price. They thought the government should not be involved. It was simply not consistent with their philosophy of marketing food products. Ralph Nader had developed a significant presence in California through the Consumer Union, which is still with us.

In the midst of all this, Jerry Brown became governor.

Dunning: So the climate was really different.

Maes: He appointed as the head of the Department of Consumer Affairs a gentleman named Richard Spohn, who had been a Ralph Nader lieutenant, and another Ralph Nader person, Roy Alper, became a presence particularly in producer price hearings.

Dunning: Now, was this the first time you really saw a lot of this consumer activism, in the late sixties, early seventies?

Maes: Yes.

Dunning: Why do you think It happened then? Do you think it was sort of an aftermath of the sixties?

Maes: I think it was, and I think Nader had a very negative feeling about the dairy industry, starting with dairy producers nationally. The National Milk Producers Association and other dairy farmer groups had become very active in Washington, working on price support programs primarily, very successfully in the Nixon administration. Ralph Nader simply openly and publicly opposed the dairy support program, and I think he saw the California program as another example of governmental price regulation which in his view was not in the public interest.

Dunning: What was the climate in California among the dairy producers and processors about the price support program?

Maes: On the price support program--

Dunning: Or dairy support, I should say.

Maes: Yes, the dairy support program. We were concerned that the dairy support program was elevating the price of manufactured products, and it was closing the price differential between milk for manufactured products and fluid milk. Fluid milk production for the bottle was still the dominant for the majority of milk production. So we joined with producers in addressing concern about the trend at the national level.

A lot of interesting things happened. There was a program--I can't recall--a program about killing off cows in order to reduce the production nationally, so you could--

Dunning: Whose program was that?

Maes: Federal.

Dunning: I bet that didn't go over too big.

Maes: You send your herd to slaughter, and you get compensated by the federal government for that, and you had to stay off the market for four years; then you could come back in. It was a crazy program.

Dunning: What was the reaction of the producers to that?

Maes: Some of them took advantage of it.

Dunning: Really. And they would go out of business for four years and get subsidized?

Maes: Yes.

Dunning: That must have been really a different time.

Maes: So anyway, as a result of Knudsen winning its court case, the Judge Loring decision, consumer activism, some unrest with raw product, there was more and more public attention on the milk program. In 1975 the first suspension of wholesale prices took place, I think as an administrative action by the Jerry Brown administration, triggered by Rose Bird. Rose Bird had been appointed the Director of Agriculture and Services, a new cabinet position. Actually, it was a cabinet position that had been created by Ronald Reagan, but that Brown utilized. She became very, very active on milk issues. She generated wholesale price suspension.

Dunning: Where did the Dairy Institute fall in this?

Maes: Initially, we opposed that action. By 1975, there was so much instability that we stopped opposing. We began to recognize

the program couldn't survive, and we tried to focus our attention on the Unlawful Practices Act, with emphasis on prohibiting sales below cost, still attempting to stabilize the fluid milk side of the industry. We met with strong opposition from Rose Bird and from the Brown administration. Governor Brown vetoed one legislative enactment on this subject.

So by--I have to look at my time-line here--by 1977, hearings were called to consider total suspension of wholesale and resale prices, and Dairy Institute did not oppose it.

Dunning: Did you go to those hearings?

Maes: I went to the hearing and made a presentation summarizing the economic problems facing the dairy industry but not opposing suspension. This position reflected policy action adopted by the Dairy Institute's Board of Directors.

Dunning: The hearings were in Sacramento.

Maes: Here in Sacramento, the statewide hearing. So finally suspension occurred. There were still the Unlawful Practices Act, but not as strong as we had hoped, and we still had price filing, which was kind of a stabilizer. Price filing required five days' advance notice of any price change. You would file it with the Department of Food and Agriculture.

Dunning: Any store would have to do that?

Maes: No, just at wholesale. The processors had to do that.

Right after suspension, there was some instability, but not as much as you might have expected in terms of price specials.

Dunning: So you went in as a lobbyist and delivered a speech?

Maes: No, I went in as an economist.

Dunning: Oh, okay. So you were the economist from the Dairy Institute.

Maes: Representing all the milk processors. Meanwhile, Knudsen had begun to advocate repeal in about 1973. They simply didn't want price regulations, and they did want to protect their joint venture concept.

Dunning: Now, you mentioned you delivered a speech. Can you give me the gist of it?

Maes: I reviewed the background of the program and probably indicated that it had been a real stabilizer, almost the little speech I gave you right at the beginning. It had been a public interest program. We had seriously treated it as a public interest concept that had indeed created stability and very

favorable prices to the consuming public. And then we said, but we're no longer opposing. So it was kind of an emotional time then.

Dunning: Was there a lot of pressure on you to make that kind of speech, or is this what you really believed in at the time?

Maes: It was what I believed and our board had told us we should do. I didn't make any of the decisions on my own. We had many board meetings. That certainly created a major change in my activities because up until then I had been very, very active in hearings, several hearings a year. John Kazcor also was with me then.

While all this was going on, the pooling plan was being brought into focus, and it was formally adopted, I think, effective January 1, 1971. Is that right on the time-line?

Dunning: Let's see. I have 1969 the Milk Pooling Act becomes effective.

Maes: [sighs; looks through papers] I guess between 1969--it was enacted in '67, became effective in '69. We were going through a lot of administrative hearings getting this into place. There was a dramatic change in how we paid for milk.

So we had the resale pricing crisis, we had the milk pooling plan developing--meanwhile, I was busy consolidating

the trade association groups. Dairy Institute until I came to it had no economic function, so all the economic functions of the Northern California Dairy Association and the Southern California group were brought into Dairy Institute. We maintained an office in Oakland, John Kaczor in charge.

Dunning: Oh, okay, so John Kaczor--he was with the Dairy Institute.

Maes: From 1974 forward. From 1969 through 1973, we maintained the Northern California Dairy Association. Their dues came into the Dairy Institute. We also developed an office in Southern California. Our manager down there was Howard Alstadt. Howard had been manager of the Associated Independent Dairies of America. The Southern California Dairy Association then took a very active role in price hearings in Southern California. I represented the industry in those hearings.

We still had a number of local trade associations: Alameda County Milk Dealers, Santa Clara County Milk Dealers, and so forth. By January 1974, we brought all those into the Dairy Institute. It was just one trade association.

Dunning: I have some figures on the membership now of forty member firms. Now they have the affiliate members and associate members. Did you have that same kind of structure then?

Maes: Roughly. We had forty-three members, I think, when I took over the management. We also had the associate and affiliate members. We did not have the cheese industry. They came in right after I left Dairy Institute in 1986.

Dunning: So you had all the fluid milk products and cultured and frozen products.

Maes: Cultured products, frozen products, cottage cheese. All frozen products.

Dunning: Almost everything but cheese.

Maes: But hard cheese.

Dunning: But hard cheese, okay. So you had soft cheese?

Maes: Cottage cheese.

Dunning: Just the cottage cheese, okay.

Maes: Hard cheese is all cheese except cottage cheese.

Dunning: All right. I took it too literally. I'm thinking of Brie and everything else.

Maes: Right.

Dunning: And were there some firms outside of Knudsen that just did not associate with the Dairy Institute?

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Dunning: I had asked you about members--you said you had almost 100 percent membership in California.

Maes: We had some ups and downs later. At one point, Foremost left the Dairy Institute. Prior to that, both Carnation and Adohr left for a few months. I can't recall the issues. They weren't dissatisfied with the Dairy Institute; they were dissatisfied with the policy position of some of the members. As sort of a show of strength, they resigned and told me privately they'd be back soon.

Dunning: Was that a big deal when they resigned?

Maes: Yes, it was a big deal. At that point, we reduced our staff because of the loss of revenue, and Howard Alstadt left the Dairy Institute. A sad day.

One other significant economic event occurred during this period. Richard Nixon was president in the early seventies, and there was a price freeze, and we still had resale price control. The price freeze affected California. The trigger for price changes under the Nixon price freeze was the price of

butter, and so I began to publish butter price changes so the industry would know when they could or could not adjust their milk prices.

The Nader organization initiated an antitrust complaint with the Federal Trade Commission, alleging price fixing by the Dairy Institute.

Dunning: This was in the early seventies.

Maes: In the seventies. So I got to appear before a grand jury. Very, very unpleasant experience.

Dunning: You had the depositions and all that.

Maes: Depositions. We loaded up boxes and boxes of records, meaningless records in most cases. Took them to San Francisco, and after about two years after the grand jury hearing, the word came back that they found no violations.

Dunning: Did that take up a lot of your time?

Maes: Oh, a lot of my time. Yes, it did. It also was hard on my disposition.

Dunning: I'll bet. That's a long time, and there's nothing much more stressful than doing those hearings.

Product Standards

Maes: In the seventies, the Dairy Institute began to get into activities that it had never been engaged in on the economic side. Somewhat in response to milk pooling, processors became more and more concerned about product standards. We, of course, had a long history of developing low-fat products. We also raised the standards for whole milk products, fluid milk, always attempting to equalize raw product cost for processors.

Quality control became very important. We, in concert with producers, strengthened bacterial standards, temperature standards.

Dunning: And these changes--who were they driven by?

Maes: By joint actions of the Dairy Institute and the leading producer organizations.

Dunning: Was the Dairy Institute unique in the United States? Were there dairy institutes in every state?

Maes: There were dairy trade associations, but the Dairy Institute indeed was unique because of the broad scope of its activities and the fact that we had resale pricing, and we had a California producer pricing program, as opposed to a federal order, so we were unique.

Dunning: And that was the first in the country?

Maes: Yes.

Dunning: So California was--

Maes: Well, it was not the first resale price control. That was present in a number of states. We were by far the most sophisticated, most comprehensive. We had a relatively large staff compared to all the other trade associations. I used to meet annually with all the state associations back in Washington, and it was clear that we had a unique function.

Dairy Institute Leadership

Maes: I probably should mention Dairy Institute leadership at this point. One way to identify leaders is through the presidents. When I became Executive Director of the Dairy Institute, the Board of Directors initiated a policy of changing officers every two years. I was with the Institute for sixteen years, and we had eight presidents.

Dunning: Okay, eight presidents of the board of directors.

Maes: Right. Presidents of the Dairy Institute. The Southern California presidents were Kenneth Ball, Whittier Sanitary Dairy. I don't think these are necessarily in chronological order, but they're close.

Dunning: Okay. That's fine.

Maes: Hugh Boyle, Western Dairy Farms. You've heard his name recently.

Dunning: I sure have, so he's been a player for a long time.

Maes: Yes, yes.

Dunning: And what was his affiliation?

Maes: Western Dairy Farms, I believe. Then he later sold that business and became a sub-distributor for Carnation Company. He had a large family, a number of brothers involved in the business.

Another Southern California president was Jerry Aahkus, and he was the general manager of Carnation Company, Southern California.

A president late in my period at Dairy Institute was Jack House, of Adohr Farms. Actually, Adohr Farms was purchased by Southland Corporation, but they operated under the name of Adohr Farms. Southland did a lot of purchasing. They bought Spreckle's Dairy in San Francisco, Adohr in L.A., and a number of others.

In Northern California, our presidents included--I'm a little bit fuzzy, but I think John Santana, Jr., of Peninsula Creamery in Palo Alto; John Fitzpatrick, Jr.

Dunning: A lot of juniors coming up.

Maes: Right. Their seniors were around. John was with McCall's Dairy in Redding, later acquired by Crystal.

Larry Shehadey of Producers Dairy, Fresno.

Dunning: And a number of these people are still around.

Maes: Larry is about ninety-five. We talked about him a little bit.

Dunning: Right.

Maes: And Larry's company pulled out of Dairy Institute, oh, long after I left over a very bitter legislative issue involving producer-distributors.

Another president was Ross Mainwaring. Ross was Northern California regional manager for Carnation Company, and later Ross became general manager for Carnation's fresh milk and ice cream division, after they sold to Nestle's.

Some of the other processors that I worked with, who were in leadership roles, were Walter Michel, Rick Michel's uncle. He was on my executive committee through the sixteen years, I think. His brother, Clarence Michel, had been a long-term president of Dairy Institute before Bob Osborne, way back in the late fifties and early sixties.

Other people: Bud Roberts of Crystal, a very strong, active member.

And presently, Don Hansen, who took over when Bud retired in the late seventies.

Gene Benedetti, whom you know very well. I don't think Gene was ever president of the Institute while I was there. He became president after I left.

From Foremost Company, Henry Cornelius and Arthur Schwatka. His name appears--he was the one that was on my hiring committee with the Alameda County Milk Dealers originally, but he later became a general manager of Foremost's dairy division.

And then finally Neil Donovan, who was with Arden Farms.

Dunning: Was the president elected from the board?

Maes: Yes.

Dunning: So that it was already someone who was on the board who was voted in.

Maes: He normally would have been the vice president. He'd be voted in, and then he'd be reelected once, and then you restart the cycle.

Dunning: You had a president, a first vice president, a second vice president?

Maes: Just a vice president, I believe.

Dunning: It's now that they have--

Maes: I think we just had the two, president and vice president; executive director, and legal counsel.

Dunning: Okay. And now they have a secretary/chief financial officer?

Maes: I don't think we had that. I think that's new.

Dunning: As executive director and being an economist, you probably got the job of the finances.

Maes: I think so.

I should mention people. Producer leadership during my period included Jay Goold, who was very active. You met Jay.

Dunning: If there's anything in particular that you want to mention about these people, that would be great.

Maes: Jay was not an economist. Jay was one of the most persistent fellows I've ever met. When he took a position, he never ever swerved. This proved to be very constructive on matters like third-party testing, daily testing. He also took a position on the California standards that we developed jointly. He felt

those should be national standards, and never gave up, but he never succeeded. It's still an issue. But Jay was a pleasure to work with.

A gentleman named Joe Branco, who's now deceased. Represented dairy farmers in the central San Joaquin Valley. Very active. A very reliable kind of fellow to work with.

George DeMedeiros was active. George was not easy to work with.

Dunning: I've heard that.

Maes: He elected to have his legislative representation come through a separate organization, The Agricultural Council. It was an organization of general cooperatives, not milk alone, but a variety of cooperatives. He belonged to the California Milk Producers in the Southern California area, Gary Korsmeier's group, belonged to it. Occasionally they would get at odds with the remainder of the producer community.

But George had a characteristic of opposing anything he didn't understand. When he finally understood it, he might support it. But he was an automatic "no" vote until he really understood the issue. I did a lot of work with George DeMedeiros on milk inspection, another complicated issue. We had milk inspection at the federal level, and we had state

milk inspectors, and we had approved milk inspection services, which were county.

As processors, we were very uncomfortable with these three layers of inspection. Sometimes they conflicted.

Dunning: And they probably didn't communicate among themselves.

Maes: The Dairy Institute kept pressing for consolidation. We thought we should have federal and state only. Never quite got there. The approved services were pretty firmly entrenched. But I did work with George DeMedeiros on the Los Angeles milk inspection system, which also covered the dairy farms up in the South Valley. The milk inspection generally covered the plants and the milk sheds shipping to those plants.

With cooperation from George, we finally got the Los Angeles County milk inspection service to leave the field, and the state took over. I don't know where it is today. There probably are still a few approved services around.

I mentioned Gary Korsmeier. He was always an active and constructive leader for his Southern California producer members.

And Jim Gomes of Danish Creamery, a former Foremost employee.

In the Department of Food and Agriculture, we were fortunate enough to have very good chiefs of the Bureau of Milk Stabilization, starting with Roy Walker. After Roy retired, he worked for me part time at Dairy Institute. He helped on some milk movement concepts.

He was succeeded, I believe, by Vernon Shabazian. Vern was a willing worker. He didn't know much about milk when he came into the position. Easy to work with.

He was followed by the present chief, David Ikari. David had been an economist at the bureau for many, many years. He must be getting pretty near retirement now, but he's been, I think, very competent.

And then the dominant figure in milk pooling was Glenn Gleason. Glenn was the original chief of the Milk Pooling Bureau after the legislation was enacted, and remained in that position for at least, oh, I'd say twenty to twenty-five years.

We had some interesting directors of Food and Agriculture. I have to try to remember who--in the Jerry Brown, administration, of course, we had Rose Bird. I think

in Jerry Brown's second term, he appointed Richard Rominger, a Democrat, and Richard Rominger was a very thoughtful, constructive person to work with.

Back in the Reagan administration, we had Jerry Fielder, who unfortunately died--he flew his own airplane and crashed it one day, down in Dixon.

And Brunel Christensen. Bru had the good luck to serve during the joint venture controversy. Bru basically seemed to understand the Dairy Institute's concern with the Knudsen joint venture, but he was overridden by Governor Reagan's office. We were never able to get to even talk to Governor Reagan. You couldn't get past Ed Meese.

Dunning: So it seems like Reagan wasn't that interested in the dairy industry?

Maes: He didn't get down to that level of administration. Knudsen had been a very large contributor to his campaign, and we were aware of that.

We had one very interesting meeting. At one point, while Reagan was governor, Evelle Younger was the attorney general. So a Dairy Institute committee went down to meet with Evelle Younger to ask for action on the Knudsen-Todd matter. It was a very interesting meeting because Younger

listened carefully, seemed sympathetic, but when we got through, he said, in effect, "Sorry, I can't help you."

Dunning: That was it.

Maes: That was it.

Dunning: So it seems like he was probably told by a higher-up--

Maes: I don't know. I think it was just an issue that he, as a Democrat, didn't feel comfortable with, challenging the Republican administration. Knudsen-Todd was exciting.

Later on, Knudsen began to change directions, and finally, in the early eighties sold to a family from Utah, Salt Lake City, changed management, came back into the Dairy Institute, were very good people to work with.

Dunning: Did you feel like it was a very different company when they came back?

Maes: Yes.

Dunning: But they had to keep the Knudsen name.

Maes: They kept the Knudsen name. The joint venture was no longer an effective concept following decontrol, and really and

truly, the reason Dairy Institute did not oppose deregulation is because of joint venture. Our members felt they had to compete directly.

Then Knudsen went into bankruptcy.

Dunning: In the eighties?

Maes: In the mid-eighties, just about the time I was getting ready to retire. Before they went bankrupt, they merged with Foremost. It was a strange merger. John Thompson, who was our director from Knudsen, called me and said, "You aren't going to believe this, but as of the first of the month, Foremost and Knudsen are now one company." That lasted about a year, and then everything went into bankruptcy.

Dunning: Why do you think that happened? Were there a lot of companies starting to go into bankruptcy?

Maes: I think in the case of Knudsen--I guess I really don't know. I think they had management problems with the new owners. Instead of owning their trucking fleet, in order to maintain cashflow, they leased their fleet, for example. They invested heavily in manufacturing facilities up in the South Valley. I really don't know what drove them into bankruptcy. I think the industry generally felt it was poor management. Not the

people we were dealing with, but the owners. Their investment decisions weren't sound.

The dairy farmers--most of them probably never did get paid, but I don't know all the details of that. Most of that happened after I left.

Dunning: Was that the end of that company?

Maes: Yes, it was. The brand continues. Knudsen had also developed a cheese partnership with Kraft [Foods], and Kraft took over the Knudsen label for certain products. I think for ice cream and for yogurt, probably for cream cheese. Knudsen had a very strong name in Southern California. They were *the* leading label. That's why they were so frustrated about their inability to hold onto their supermarket business, or to get new business. So Kraft took that.

In Northern California, I think that Foster Farms bought the new plant Knudsen built in Modesto, and the rest of their business is sort of--they never really did get a foothold in Northern California, a strong foothold. Knudsen had taken over the Borden plant in Fresno, and I think Foster also took that plant.

Dunning: Now, could you just tell me briefly who were the biggest players at this time in California at the time that Knudsen went bankrupt?

Maes: [sighs]

Dunning: Is the field getting smaller?

Maes: Yes.

Dunning: Smaller and maybe larger at the same time.

Maes: More and more consolidation. Carnation was still a player. Foremost manufacturing was still operating. The strong independents were more and more dominant, and that included Crystal in Sacramento, Berkeley Farms in the Bay Area, Producers Milk Company in Fresno, and Southland Corporation, through their acquisitions of Adohr and Spreckle's, as I already mentioned; and the vertically integrated firms: Safeway.

Dunning: Safeway, Lucky's--

Maes: Lucky's didn't built its milk plants until the end of the late seventies. They had dealt with Foremost. Foremost had been illegally discounting to Lucky's. That was disclosed, and there was litigation and a settlement, and Lucky's then chose to

build its own milk plants. They built four plants. They became good members of Dairy Institute.

That was a significant change during my period. Dairy Institute had always been at odds with the vertically integrated firms, and all of them came into Dairy Institute, I think because of our economic function.

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Maes: I think prior to decontrol, the nationally vertically integrated firms such as Safeway simply weren't comfortable with Dairy Institute because of its strong support for resale pricing. They always told us privately that they liked the California program. They knew it was a sound program, but at the national level there was discomfort. They wanted to be free to oppose price regulation in other states.

Ralphs in Southern California had the same position. They had appeared in opposition to resale price program and hearings historically. Vons Supermarkets, another vertically firm, had the same attitude. But with the advent of deregulation, the advent of pooling, Dairy Institute's ability to provide economic services in those areas actually drew them all into the organization.

We also brought Dreyer's into the organization, another national company by then. That was sort of a nostalgic thing because I had known--I mentioned Bill Dreyer, the original owner. By the time Dreyer's came into the Institute, they were a national firm.

We were very comfortable with the vertically integrated firms. They sat on the board, and they provided leadership.

Dunning: Was it a pretty stable period?

Maes: Relatively so, yes. We spent more and more time on producer relations, more time on milk movement, which became a big issue under the pooling. You recall when pooling went in, Class 1 usage for milk usage was dominant. The developers of the pooling plan had assumed that equalization would occur. Equalization meant that every dairy farmer would have 85 percent of his usage as Class 1. With the higher support prices and the development of the cheese industry, milk production soared in California. Where Class 1 had been 70 to 80 percent of the volume in the 1960s, it was down to about 50 percent in the seventies. Now it's down to about 25 percent.

Dunning: Can you explain that? Are there obvious reasons that that happened?

Maes: Primarily because of the relatively high prices for cheese and butter, dairy farmers can produce more and more milk and take lower and lower Class 1 usage in the pool and still survive. This was partly because of the efficiency of California milk production and relatively high support levels. Those were the factors.

Today you have almost the same circumstance, even without the support level. [As a result of] the combination of California production efficiency and the relatively high values for butter, powder, and cheese, dairy farmers can still afford to produce way beyond their base, which reflect higher usage.

Amazingly, the efficiency of dairy farm production in California never stops growing. The production per cow goes up year after year, way beyond the national norm, way beyond anything in any foreign country.

Dunning: Now, can you tell me the pluses and minuses of that? Occasionally, I hear some of the minuses.

Maes: From the processors' viewpoint, it's almost a neutral thing. Processors' concern always was to get an adequate supply for the plants, and so the minus, as this began to develop, was that dairy farmers would just as soon have a permanent home, shipping to a nearby manufacturing plant in the country, as ship to the fluid milk market in the city. The price

has always been set f.o.b. the processor's plant, so the dairy farmer paid the transportation.

As an offset to this, in our work on milk movement, we developed a transportation allowance so the dairy farmer shipping his milk to a city bottling plant would get an offset against his transportation cost and would be encouraged to keep shipping to the city.

We developed another system called transportation credits, so dairy farmers shipping in bulk from the South Valley to Southern California would get a credit from the pool for those shipments.

Those two milk movement concepts were developed by Dairy Institute and a committee of producers. A leader in that, the man whose name I should have mentioned, was John Alberts. John and I worked very hard on the transportation allowance system, and we sort of stuck with it after other people lost interest. We finally got the transportation credits and transportation allowance into place.

Dunning: At what level of hierarchy did you have to go through to get it approved?

Maes: Through hearings at the Department of Food and Agriculture.

Dunning: Were they extended hearings, over a period of time?

Maes: Yes. There was a third concept developed again jointly with producers and processors referred to as "call provisions," which, during a period of potential short supply to fluid milk plants, through the department, processors could call on the manufacturing plants to make fluid milk available. It wasn't the intent of the call provisions to actually cause the milk to move; it was the fact that it could be done that would encourage manufacturing plants to release milk. To my knowledge, call provisions have never really been invoked. They've been kept up to date.

This was a concept borrowed from the federal order system. There were similar provisions throughout the rest of the country.

Dunning: Do you think other states saw California as a model in certain ways?

Maes: To a certain extent. I think they saw California as very progressive. We developed the low-fat standards, stronger fluid milk standards. Our pricing formulas for pricing five classes of milk were progressive in that they reflected cost as well as market conditions. They're now beginning to be adopted at the federal level.

On the other hand, there's been a little bit of resentment of California. Today, with the free movement of milk between states and long distances milk can move, California is more and more influenced by the federal system. In fact, there's a provision in the California statute that California prices for the dairy farmers shall be in a reasonable relationship to prices in neighboring states.

Dunning: So the resentment is from other states not wanting California milk to come in?

Maes: Well, I think more probably from feeling that California was exercising too much influence in Congress. I don't think that's a tangible thing. It's just a feeling that California thinks it's ahead of everybody else.

Dunning: California is the number one dairy producer in the country.

Maes: Yes. It gained that position about fifteen years ago. Took that away from Wisconsin.

Dunning: Right.

Maes: But at the congressional level, the Midwest is still a strong player, but the California producer groups and the Dairy Institute have also become fairly active lobbyists back there because of the growing California interest in the federal

program. Some California processors would just as soon go to the federal system, but most think, even though we now emulate the federal pricing programs in many ways, that it's best to have local control where you can work with the California legislature, as opposed to the Congress.

Dunning: Is that your feeling as well?

Maes: It is my feeling, although this concept really developed after I retired.

[tape interruption]

Lobbying Activities

Dunning: I was going to ask you about some of your lobbying activities and discuss some of the projects, but I think you've already mentioned some. Are there others that stand out in your mind?

Maes: A good deal of Dairy Institute lobbying activity was defensive. We were defensive at one time in relation to consumer activism, defensive from time to time with respect to producer price proposals, and we went through a lot of changes in the producer side of the program, during the seventies.

Within a few years after pooling, we developed pricing formulas for Class 1, which were new. Prior to this period, Class 1 prices had always been set by hearings, and the primary standard for setting Class 1 price was a supply-demand standard. If there was an adequate supply of milk, which then became an excessive supply, the department would call hearings and reduce the supply. If prospects were short, they'd call hearings and increase the price.

In the early seventies, right after pooling, producers, with cooperation from Dairy Institute, developed formula price, so the pricing would reflect initially three standards. One was cost of production. The second was consumer purchasing power. The third was manufacturing milk price levels. We had extensive meetings developing these. Jim Grueble, whom you've met, was instrumental in this and an important contributor to it. He was there as a spokesman for DCCA, of course.

The producers became very uncomfortable with the pricing standard, the supply-and-demand concept in their pricing standard, because the supply-and-demand standard related to fluid milk.

Through the efforts of Jay Goold's organization, those standards were revised so that the supply standard is sufficient milk for all uses, which is in effect no standard. As

long as somebody will buy it, it's needed. We weren't comfortable with that, but we didn't oppose it.

Dunning: You felt some action had to be taken.

Maes: Some action was appropriate. We were deeply involved in the drafting of the rewritten Milk Stabilization Act. At the same time, we eliminated resale pricing and rewrote the producer standards, so it was a big project. We worked on it jointly with producers, continuing to advocate that we had a common interest in this program. And we did.

Dunning: Now, what organizations represented the producers? Because the Dairy Institute mostly represented the processors?

Maes: They went through some transitions. Western United Dairymen is the present organization. Before the Western United Dairymen, there was the League of California Milk Producers and Western Dairymen. Each of these were Northern California organizations. And then in Southern California, the representation came through the co-ops, through California Milk Producers and through the Milk Producers Council.

I mentioned Joe Branco. His group, Western Dairymen, had represented the San Joaquin Valley co-ops, the Los Banos Dairymen, DCCA and Danish Creamery.

Dunning: Would those groups and your group ever get together to meet?

Maes: Yes. In fact, we worked with them on some common matters. The pricing of milk for butter and powder--Some of our members had butter-powder plants, Knudsen and Foremost in particular, as did these co-ops. That price was set by formula in California, reflecting the support price plus the cost of manufacturing. In common with the resale program, these were cost audits, detailed cost audits that would identify the cost of manufacturing. So we jointly worked with those organizations on those issues.

And we worked with the co-ops on milk movement. So I think at that time--I'm trying to think of names--Western Dairymen represented the co-ops. The League of California Milk Producers represented the direct shippers in Northern California. And they finally merged, I think, into Western United Dairymen.

Dunning: The League of California Milk Producers.

Maes: Yes. And Jay Goold was their manager.

Dunning: He's retired now?

Maes: He's retired. His principal assistant in the League at one time was Sharon Hale, who is now the chief executive officer of Crystal.

Dunning: Well, that's one of the first women that you've mentioned.

Maes: [chuckles]

Dunning: It seems like it was real male-dominated field.

Maes: They have not been prominent at the management level. Sharon is one. I mentioned the lady from San Diego who was asked to leave the Sutter Club. I think her company was Dairy Mart. No, there have not been many ladies in prominent positions.

Dunning: Now, there started to be more women producers.

Maes: There are a handful. Widows usually. But yes, there are some lady producers.

Dunning: In fact, there was an article yesterday in *The New York Times*--I don't know if you read it--about the whole Marin area. There's a number of dairies and cheese companies, the Cowgirl Creamery and a few of the smaller ones, and then some big ones, too.

Maes: That's interesting.

Dunning: Yes.

Maes: Let me see [refers to notes]--

Dunning: Well, you've actually covered quite a bit.

Maes: I have.

Dunning: When you were at the Dairy Institute--we touched upon this a little bit--a number of new products were introduced which were outside product standards. I'm wondering what role you played in the negotiations with the regulatory agencies to obtain the changes in standard or temporary marketing approvals.

Maes: We spent a lot of time on standards. There aren't that many new products that I can recall. We spent, for example, time on the classification of those products. Buttermilk was a Class 2 product, which meant a dairy farmer got a lower price for it. Knudsen was the great buttermilk manufacturer in Southern California, and they fought vigorously to keep it as Class 2.

Meanwhile, yogurt was Class 1 in California, and we were competing with yogurt from out of state, which was paid for

as Class 2, so one of our long-term goals was to reduce the classification of yogurt. We were preparing to make a trade: yogurt for buttermilk. Knudsen was having no part of that. I think that concept came into focus while Reagan was still governor, and we saw we had no chance. Later on, yogurt was reclassified, but buttermilk remains Class 2. It's Class 1 in the rest of the United States.

Dunning: Oh, is it?

Maes: Yes. I can't think--well, frozen yogurt standards were developed while I was with the Institute. A number of the California products had California standards, which were different from the federal. One of our goals of the Dairy Institute was to remove those differences so that they wouldn't become a barrier with the interstate movement. That was true with everything except low-fat milk. We hung tough on the milk standards, but on everything else we gradually amended our standards to conform to federal: for cottage cheese, sour cream, and a whole array of byproducts.

Dunning: And that basically made it easier to bring the product out of state.

Maes: Right. Interstate.

Dunning: During your tenure at the Dairy Institute, was the organic milk movement just beginning?

Maes: It wasn't even beginning. I can only tell you personally. I think consumers are being charged a very high price for organic. When I see people buying it, I can't believe it, paying two dollars a quart for organic milk. It amazes me.

Dunning: Have you tasted it? It tastes really different.

Maes: I wonder why.

Dunning: Well, the Benedettis [Clover Stornetta]--they have their organic branch. They feel the cows are happier, and they're fed differently, and they're out grazing. You can really tell the difference. I notice the low-fat milk in organic tastes a lot richer than low-fat milk, non-organic. Try it. I mean, just out of curiosity. I don't even know if you drink milk, but--

Maes: I do. I drink low-fat.

Dunning: Do buy some of that Clover-Stornetta organic milk.

Maes: They must have done something--they must have loaded some extra solids in there or done something to change it.

Dunning: It's a different taste. Yes, it's a different taste.

Maes: Interesting.

Dunning: But during your career, that really didn't come up.

Maes: Membership was always a problem. We brought Baskin-Robbins into Dairy Institute, and they proved to be very pleasant, nice people to work with. They were interested in frozen product standards, of course, and the Class 2 pricing formula. Those two things.

Accomplishments at the Dairy Institute

Dunning: During your time at the Dairy Institute, of all the times you worked there, are there main things that you're particularly proud of, your accomplishments?

Maes: I think I've mentioned--

Dunning: And don't be modest.

Maes: I think my ability to work with the dairy farmers is very important. We developed a lot of things jointly. It wasn't always easy, but I continually advocated and believed that we had a greater common interest than disinterest, and I think

they believed that, too, so I was able to work with dairy farmers very, very well, I thought.

I think the work we did on product standards was good, was constructive.

I think steering the Dairy Institute through the deregulation period was a major accomplishment. It turned out that my background as an economist was just what the Dairy Institute needed during that period.

Dunning: That degree from UC Berkeley has helped you, and you've developed it, yes.

Maes: In a way. Well, I started out in labor relations.

Dunning: Right.

Maes: I think just actually consolidating the organization was a big job, and I think putting in some very long hours was important.

Dunning: You worked a lot more than a forty-hour week.

Maes: Very, very hard, yes. See, I was still doing hearings, trying to keep up with the legislative side and pooling and Knudsen-

Todd, and we still had price hearings going on. I was a busy fellow.

Dunning: Did you bring this business home?

Maes: No.

Dunning: Did your family become experts on the issues, too?

Maes: No. Avis was invaluable as just a goodwill person at meetings, but she never got involved in the business in any way.

So I think just holding the organization together during some rocky times was significant. Knudsen withdrew, and Foremost withdrew. Foremost withdrew over some imagined antitrust issues. Their attorney took them out, and they came back. Then they merged with Knudsen and went broke anyway.

Maintaining a strong relationship with the Department of Food and Agriculture, I think was an accomplishment. I have a plaque in my den presented when they took me to lunch when I left the Institute. I was pleased with that.

But there was nothing remarkable--

Retiring from the Dairy Institute ##

Dunning: How did you decide to retire?

Maes: That's interesting. In 1984, I began to think about it. I felt the work was no longer as interesting as it once was. I had to retire sometime, and I thought the organization might be better off with new blood, so at the annual meeting, in November 1984, I informed the executive committee that I was thinking of retiring when I was sixty-five. I think there was a lot of surprise. I suspect I could have stayed with them and been effective for another perhaps ten more years. I had reached a position financially where I could retire comfortably--not wealthy, but comfortably. So I announced it. That gave us a year to find a replacement.

A small committee was formed. Ross Mainwaring, Don Hansen, and I think--I don't recall who from Southern California, and we started interviewing. I had met Bob Boynton at a meeting of the International Milk Control Agencies. I had met him twice, and I was impressed by his intellect and his education. He had a Ph.D. from Purdue in dairy science, I think.

So they hired Bob in September of 1985. I worked with Bob for a few months, and then I left January first. About a

year later, Bruce Hubbell, who lived right across the street, who had been secretary manager for the Creamery Operators, became ill. They had to replace Bruce, and so I was recruited for that job. That was a kind of pleasant job: four board meetings a year, one big meeting up at Harrah's Tahoe. Not a policy-making organization, an informational organization. So I became their manager and managed it for about eight years.

Dunning: Was that full time?

Maes: No, part time.

Dunning: A part-time job.

Maes: Bruce had been doing all the books and minutes, and his wife had been helping. It was kind of a mess, really, his health was bad. So I hired a person who has an office right around the corner [in El Macero] to do the secretarial work. That was my condition for going to Creamery Operators. And she was very competent. Then she left and was replaced by another person who still does Creamery Operators.

Then about two years after that, about 1987 or '88, Paul Corum, who had been the manager of Associated Independent Dairies following Howard Allstadt's coming to Dairy Institute, began to lose his health, so I was recruited by Associated Independent Dairies, known as AIDA. I used the

same office as Creamery Operators and simply took them on. They, too, met twice a year, I think. I managed them until 1998. Then I really retired, and I got John Kaczor to take that position.

[tape interruption]

Maes: The AIDA job was especially interesting because AIDA members were all Dairy Institute members, almost--I think with one exception, or two. AIDA was primarily an informational organization, but they also occasionally took policy positions. As a condition for going to work for AIDA, I said I would not be able to represent them if they got into a position of opposition to Dairy Institute.

That worked out pretty well. The common interest between AIDA and Dairy Institute--AIDA represents almost all of the independents. Now, because of mergers, AIDA is sort of a hybrid because some of the independents are now national companies. Suiza Foods is a member. Berkeley Farms is a member. Berkeley Farms is owned by Dean Foods.

Dunning: Didn't Suiza buy out Dean recently?

Maes: Recently, right.

We avoided the conflicts. Mostly the type of things that AIDA would be interested in would be the Unlawful Practices Act, and they took a fairly realistic, solid position that they weren't that interested in the details of the Unlawful Practices Act except of the below-cost provisions. They felt the below-cost provisions were an important stabilizing concept.

But then, just about the time I went to AIDA--it was a little later, when Bob Boynton, who was my successor left Dairy Institute. During the transition period, a piece of legislation was enacted by Jay Goold's group, which did one really big thing: It established a firm price floor for Class 1, for quota milk, at \$1.70 a hundredweight, above the over-quota milk.

In the process of getting that enacted, Joe Gonsalves, who was involved in the Milk Pooling Act, also was representing the producer-distributors of California, and Joe put in a so-called minor amendment to Jay Goold's legislation, which said that producer-distributors would be exempt from the pool for all of their production. Up until that time, they had been exempt only for the amount of production they had when pooling went into effect. That little technical change opened the floodgates. Producer-distributors could buy from other dairymen, or they could expand their herds and not participate in the pool, which is a very favorable thing because then all of their milk would get the highest price.

Dairy Institute immediately, once they found this--once it was enacted, it was too late to stop it--tried to get it repealed, and the issue was so bitter that all the producer-distributors resigned from Dairy Institute. So now I had them over at AIDA, and they formed their own group mostly to work with Joe Gonsalves to protect their new legislation, and they elected to use the same office I was using for Creamery Operators and AIDA, so it was a tightrope operation in there, but I survived it.

Meanwhile, during this whole period, I was consulting with Dairy Institute. Bob Boynton used me quite extensively. I appeared at hearings. I appeared at one hearing for Dairy Institute where I had to take a position in clear opposition to the producer-distributors, so I called the producer-distributor leaders and told them the problem, and they said, "Okay, go ahead. You're representing Dairy Institute at the hearing, not AIDA." We survived all of that, but it was complicated.

So I was fairly busy after I retired.

Dunning: I wouldn't say you were retired, until '98.

Maes: I enjoyed doing it. It was a good way to phase down and maintain relationships with people I'd known for many years. AIDA is still going, and the producer-distributors are still active, but they're down to only about three firms, I think:

Foster Farms, Producers, and Amos De Groot's organization's Rockview Dairy. Amos De Groot was a person whose company never came into the Institute. Always friendly. He was very close to Joe Gonsalves and retained Joe Gonsalves' firm, and he was really instrumental in getting this change in the producer-distributor clause.

Incidentally, Dairy Institute and the producers finally got that modified again to freeze them into where they were after about two years of the new provision. So John still has AIDA, but it's shaky because it has fewer and fewer members. Creamery Operators are going to go on forever. Creamery Operators are about 102 years old now. They're old.

Future of California Dairy Industry

Dunning: Do you have any predictions about where California is going to go in terms of dairy?

Maes: Well, I think one big issue is how long California will maintain a separate producer pricing program. I would think its cheese industry would eventually stabilize. It seems to me that the cost of transporting finished product from California back to the East Coast, for example, would eventually limit its

penetration of national market. But they do have a lot of advantages. I think California will continue to be the number one dairy state.

Dunning: You see cheese really growing.

Maes: Cheese is growing, has grown. Unbelievably.

I don't know if there will be any more consolidation of cooperatives. That's the other thing. The cooperative movement had been very interesting. At the time that pooling came in, about 30 percent of the milk supplied to the milk plants came through co-ops. Now it's up to about 85 percent. And co-op members produce about 90 percent of the milk in the state. And they've started to merge in the last few years. I don't know how much more merging there will be.

At the processor level, there may be a little shake-down left, but there are few companies left, and I don't expect many more mergers. Larger independents, however, may eventually merge too.

Dunning: Larger independents being, like Clover-Stornetta?

Maes: They eventually may merge with national companies.

Dunning: One of the big movements you saw during your career is the consolidation of the farms and the development of the factory farms. Do you see that as getting any bigger or do you think because of environmental concerns it's sort of reached its peak?

Maes: I think it's probably peaking because of environmental concerns and urban growth in metropolitan areas. For example, the Southern California milk shed is declining every year and will keep declining. It's hard to see how they can keep producing milk out around Corona, the Riverside County area, so the milk production will continue to shift up into the South Valley. But California has tremendous natural advantages in climate, feed production, and technology.

Dunning: Well, I think we've covered an awful lot today. One of the questions I had, which I think we've covered a little bit, is how the growth of urban and suburban areas offered both opportunities for the dairy industry but also posed problems, so economically it could be advantageous in terms of the transportation, but posing problems in that people don't necessarily like the dairies right in their back yard.

Maes: I think the environmental problems apparently are growing: waste disposition--

Dunning: Did the Dairy Institute take a position on that?

Maes: No.

Dunning: It just wasn't an issue during your stay there?

Maes: Only in terms of demanding and securing higher and higher quality standards, and that was a joint effort. I was active with the national sanitation group that meets annually to develop national standards, and I presume the Dairy Institute is still involved on that level. That, too, is a joint processor-producer program.

So I don't have any crystal ball about what's going to happen in California. In fact, the longer I'm retired, the less I know about it.

Dunning: It probably changes, too.

Maes: Yes.

I was going to show you my milk carton.

Dunning: Oh, sure.

[tape interruption]

Dunning: You left the room, and you returned with--it looks like a half-pint milk container for Adohr Farms, and it has your picture

on the side. It says, "The dairy industry of California wishes Larry Maes the very best in his retirement. Best wishes." Then they have a little bio for you on the side. "Economist at the Alameda County Milk Dealers Association, 1948-1960; Manager of Northern California Dairy Association, 1961-1969; and Executive Director of the Dairy Institute, 1969-1985." 1985. Oh, that's great. And then you need another one with your real retirement date!

Maes: Right.

Dunning: You've been very busy.

Maes: Well, those part-time jobs weren't that demanding.

Dunning: Probably in comparison.

Maes: Yes.

Dunning: Well, I want to thank you. As I said, once we get the transcripts back, which may be--

Maes: January.

Dunning: I think, optimistically. Then if we see that there are some gaps in the story, you can either write them down or we can do another, shorter interview to round things out.

Maes: I kind of hope we can do that.

Dunning: I'm kind of planning on it.

Maes: I find these little short-term memory blocks to be very frustrating and aggravating.

Dunning: I think you've done remarkably well. You've remembered a lot. You're a very meticulous person, and a perfectionist. I'm hoping when you see the transcript, you'll be generous with yourself and remember that this is based on a conversation rather than the written words, so it might not always sound perfect. But it will be very readable. I want to thank you. I've learned a lot in the process.

You mentioned--oh, let's see, you got the same e-mail I did about a possibility for the next person to be interviewed?

Maes: They mentioned Jim Dolan and Hugh Boyle--Jim or Mike Dolan. Maybe jointly. I don't know.

Dunning: And Hugh Boyle, you mentioned.

Maes: Hugh Boyle was Western Dairy Farm. Jim and Mike Dolan are Driftwood Dairies.

Dunning: They haven't mentioned that. I've only heard about Hugh Boyle most recently. Do you think he'd be a good candidate?

Maes: Good for Southern California. He's a very small operator, probably one of the smaller members of the organization down there, but a leader.

Dunning: He's a processor-distributor?

Maes: Processor and distributor. A very small plant. And I think three brothers are active with him in the business.

Dunning: And where in Southern California?

Maes: Actually, pretty much downtown L.A. There are a cluster of plants, unbelievably. Two big plants, Knudsen and Carnation, downtown.

Dunning: Okay, so he lives in Los Angeles.

Maes: He lives probably in Long Beach, in that southern part of the county.

Dunning: Well, we'll see if I'll be flying down to Los Angeles.

Maes: I'm trying to think of what Hugh will talk to you about. He'll have a lot to say, and yes, he'd be good at--his roots go clear

back--he started out, as a boy, I think, in the milk business, in downtown L.A. I think they serve some schools and probably some restaurants and a few small grocery stores.

The other family, the Dolan family--Mike Dolan was a dairy farmer, dairy producer, and he came a producer-distributor, and then he went out of producing and became a processor only. Jim Dolan is Mike's nephew. Mike is pretty well along in years. He's probably late eighties. Jim has been the general manager for, oh, I'd say at least twenty years.

Dunning: Well, we'll see. This is an unusual project for me in that I don't get to choose who gets interviewed, so it's kind of interesting because it challenges my flexibility.

Maes: You don't know what kind of interview--what they'll have to say until you get there.

Dunning: Not really. I try to do as much digging around before I go to the interview as possible, but it's not like everybody's been in the same position that I interview, so that makes it a little different. But we're getting a piece of the story, and what I always tell people is one interview doesn't cover the whole story, but hopefully--

Maes: It seemed hard to me to distinguish between industry activity and personal activity. We started off on personal, till you got me through Cal.

Dunning: Well, that's what I'll do with everyone.

Maes: Avis is now trying to start her oral history. She's finding it extremely difficult. I caught her one day. She was writing it all out.

Dunning: That's difficult. You tried that. You've tried talking into the tape recorder yourself. You really sometimes need one-on-one to be able to tell a story to somebody.

Maes: When we start, I always think I've got about an hour to cover, and suddenly two hours have passed by.

Dunning: Well, you'll have a chance to see everything. Maybe in the meantime, if there are any--we'd like to include maybe five or six photographs of you or your family, so maybe when I bring the transcript back to you we can--

Maes: We'll be thinking about that.

Dunning: --look at a couple of photographs.

Maes: Covering some period of time.

Dunning: Yes.

Maes: We'll think about that.

Dunning: Thank you very much.

Maes: Well, thank you. You've been a good interviewer.

[End of Interview]

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Judith Dunning

Judith Dunning is an Interviewer/Editor at the Regional Oral History Office. Her specialty is community history. Among Ms. Dunning's projects are interviews with Italian immigrant women in Boston's North End, former shipyard workers at the Charlestown Navy Yard in Boston, textile mill workers in Lowell, Massachusetts, Kaiser shipyard workers in Richmond, California, and cannery workers, fishermen, and whalers in the San Francisco Bay area.

The materials collected by Ms. Dunning are available in many public libraries throughout the United States and are used in interpretive exhibits in former textile mills, on a World War II ship converted to a Museum, in traveling exhibits, dramatic productions, adult literacy books, and local cultural festivals.

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